Confidential. May be presented

G. R. S. IX-5]

Previous references.

File No. 35-17

Serial Nos. 1-3

1917-18

(Geol)

Later references.
Geol 115-17

71-25 (1-3)
LA 227-330-4)
Edn 155-41-6, 7, 8, 11, 12.

ENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 — 3

Part B for Nov 1917

SUBJECT.

Embezzlements in the late Geological Dept and the reforms necessary in the accounts.

H 2664-8 / Geol 1 28-11-17

To The Director of Geology
The Chief Inspector of Mines
The Financial Secretary
The Chief Metallurgist Geol Dept
The Revenue Commissioner

Postal orders on the matter of the improvement in the system of Accounts in the Geological Dept.

W D 83—GPB—50,000—24-7-16

G. R. S. 11] 1917-18

GENERAL AND REVENUE SECRETARIAT.

(Geol)

NOTES.

20

File No. 35-37

FILE HEADING.

Embezzlements in the State Geological Dept and the reforms necessary in the Accounts

From

K. L. Datta Esq

No. 44 Dated 17-9-1917 Received 18.9.1917

Diary No.	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Brings to the notice of Government certain embezzlements in the State Geological Dept and suggests the reforms necessary in the Accounts

NOTES AND ORDERS.

G.R.S. III—3]

Geol file
No. 35-17

Routine Notes

[To be used only for notes, requisitions, etc., not intended for permanent record.]

19/21.9.17

2 Subd to the Genl: Secretary.

With reference to Mr. Dalla's note re Geological defalcations the Second Member would be glad if a D.O. is sent to the Director of Geology requesting him to keep the account books &c., under his personal custody till the cases are disposed of by Government.

21/9/17.

3. NSV

Please write at once for acknowledgment

21/9/17

Issued no G. 4047 & 21.9.17. ~~Pending~~ to the Offg. Director, Dept of Geology Pending orders of Govt on sl. 1 above, requesting him to keep the account books etc. under the Directors personal and safe custody

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

WD 02803—GPB—300—15-5-17—S.

Geol. File No. 35-17

CONFIDENTIAL.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

"Embezzlements in the State Geological Department and the reforms necessary in the Accounts"

A copy of Mr. Datta's note on the marginally noted subject is forwarded to the Under Secretary, Branch V., for working up the case in consultation with the Assistant Secretary, Branch II, ~~in charge~~

CBS
18/9/17

DF 18/9/17

3. From the Director of Geology - no. 724 dy 21.9.17 Acknowledges the receipt of sl. 2 above and states that action has been t[illegible] as desired therein.

4. For James V
Asst Secy
Br II
DF 24/9/17

1. The points for orders are indicated in the Summary. II to VII. —

2. A Statement of the amounts stated to have been defalcated - (Statement-s ##13) has been sent to the Director of Geology for taking steps to recover the amounts from the party concerned and credit the same to Govt. — II

3. What - disciplinary action has been taken in the matter has been desired.

4. For the future. the proposal that no cash shd be received in the Director's office, but that the parties

Why not Shri V

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 81—GPB—60,000—20 7-16

D 2582

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Geol File No. 35 of 1917

Serial No.

respe required to pay the moneys by myke agreed to- III

Whether it is not desirable that the applicants for licences &c shd obtain the permission of the Geol. Offr before paying in moneys to the Govt. bredress possible cases of refund may be considered - Vide para 32 of the note

5. The suggestions made in the forms and registers and for the local audit of accounts - IV & VI myshl be agreed to.

6. The exercise of the right of inspection of the accts of the Mining companies is a very important suggestion - Para VII.

7. The case myshe submitted to the members of the Finance Committee with the Opinion of the Advocate, & facilitate disposal

8. To. Under secy to V with Compliments for urgent action & obtaining orders of Govt. A copy of memo regarding prompt disposal of Mr Dalton's note is placed in hand

18
25.9.17

7. May the file be submitted to the Financial Secretary for favour of Remarks?

Gen Secy

Yr obt
28/9/17

VJ 28/9/17

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

Geol File No. 35 of 1917-18

Serial No.

For favour of Remarks
Financial Secy
W/28/2/17

1. I have carefully gone through the note and I see no objections to the suggestions contained in it being adopted.

2. As stated in para 9 of the note Mr. Subba Rao should be asked to submit an explanation at oce. Further disciplinary measures to be adopted should be decided after the receipt of his explanation.

I have a recollection that the subject of systematizing the check of the mining revenues was discussed between the Geological Department the Comptroller and Government within the last two or three years and some orders were passed by Government on the subject.

3. Though the suggestion that all monies should be paid into Treasuries will avoid cash transactions in the Director's Office, I think it should be clearly laid down that the Director is responsible for exercising proper control ~~ex~~ over the accounts of his office and that he should examine the accounts at least once a month and sign all the registers in token of

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Gen. File No. 35 of 1917-18

Serial No.

of his having done so. Heads of Departments especially those of technical departments are apt to consider that monetary transactions and accounts are no business of theirs. The more emphatically Government impresses on them their responsibility in this matter, the better.

4. With reference to Mr. Datta's suggestion for a local audit of the State Geological accounts, contained in para 49, I may state that in my note on the Government system of audit and auggestions for its improvements I advocated a test regular audit of the accounts of all revenue departments by a member of the Comptroller's staff

5. Mr. Datta's suggestion ~~that~~ re the power of examining the books of the Gold Mining Companies may be accepted and acted upon. The main items in ~~xhe~~ the accounts are published in the financial papers, but still it would be better to -- exercise some check, especially as regards the -- charges for rebate. I have an idea that this point also was urged before.

6. Some of the forms when they are actually printed will require some revision. For example, in form No. 8, after the column "Stamp and Registration fees" there may be a column "Miscellaneou[illegible] also the column "Payment into Treasury" after the column "Total" appears -- superfluous

NOTE—Contn. sheet.

Serial No.

superfluous, because the same information will be contained in the second column, the register being posted from chellans of payments already made into treasury.

In form No. 9, the royalty at 2½ per cent. on dividends declared should be entered both in sterling and in Indian currency

In form No. 10, the words "closing balance for the year" at the foot of the right hand page should be deleted The closing balance for June will be the closing balance for the year, the --- grand total arrived at being the total collections plus the closing balance of June. This should -- agree with the corresponding total on the left page which is the total demand for the year including the opening balance.

17.10.17

Secretary II

18/10/17

May be considered at the meeting of the finance Committee

1st member
2nd member

18/10/17

Gad 35-17

SUBMITTED TO HIS HIGHNESS.

I submit for favour of approval three draft orders on the following subjects:-

(1) System of Railway construction accounts;

(2) Improvement of the system of accounts in the Geological Department;

(3) Contingent expenditure.

These drafts have been scrutinized by Mr. Datta and agreed to by the First and Second Members of Council.

I beg to invite attention to draft order No.2 connected with the account irregularities of the Geological Department. The Financial Department should have satisfied themselves by enquiry every year that proper arrangements existed for the correct maintenance of accounts and the correctness of the mining revenues realized. Mr. Datta has done a service by bringing this omission on the part of the Financial Department to notice.

The draft orders may be graciously approved.

(Sd.) M. Visvesvarayaiya,

21st November 1917.

Order.-

(Intd.) K.R.W.

22-11-17.

Financial Assistant Secretary.

1. The Dewan's Submission Note contemplates that the Fiancial Department should arrange for a first audit of revenue

revenue in the various Departments.

2. I made a proposal to this effect in my note "The present system of Government Audit and suggestions for its improvement" some years back.

3. After issue of drafts please put up those papers so that I can re-submit the matter and obtain orders.

(Intd.) J.S.C.

25-11-17.

Copy taken and separate file opened (Vide G.F.102-17/ Fl. Mis.248.)

(Intd.) R S R.

7-12-17.

10

Geol 35-17.

G.R.S. III–3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

G.O. H 2664-8 dt. 28-11-17.
Geo: 35-17-3

1) The order has issued to the addressees being typed

2) May it be treated as S.O confidential and printed

3) This may not be sent to the Press table.

4) The file may be returned to Branch V for being recorded

Not for the Press
Yes

Yes.

Subd.
28/11/17

Do. U.S. for V.
With compliments for favour of immediate action

28/11

GEN. & REV. SECRETARIAT.
V
GENERAL
28 NOV. 1917

The order may be printed overleaf the address marked with a blue pencil. This is a standing order

(Chelmsford) 28/11/17

28/11/17

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Geol. 35-17-1

CONFIDENTIAL.

No. 44.

EMBEZZLEMENTS IN THE STATE GEOLOGICAL DEPARTMENT AND REFORM OF ACCOUNTS.

CONFIDENTIAL.

EMBEZZLEMENTS IN THE STATE GEOLOGICAL DEPARTMENT, AND REFORM OF ACCOUNTS.

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FORMS PROPOSED.

Register of applications	Form No. 1.
Register of exploring licenses	Form No. 2.
Register of collecting licenses	Form No. 3.
Register of prospecting licenses	Form No. 4.
Demand, collection and balance register of Prospecting Licenses and Mining Leases	Form No. 5.
Register of output of Minerals other than Gold	Form No. 6.
Register of Mining Leases	Form No. 7.
Register of Miscellaneous receipts of the Geological Department ...	Form No. 8.
Register of Royalty due from and paid by different Gold Companies	... Form No. 9, Part I.
Do	Do Part II.
Register showing Demands, Collections and Balances of Mining Revenue due by all the Gold Mining Companies	Form No. 10.

SUMMARY.

The accounts of the Geological Department are in a very unsatisfactory condition. This was brought to notice some years ago by two of the Comptrollers, Messrs. Basu and Majumdar. On receipt of Mr. Basu's report, Government directed that the State Geologist and the Comptroller should settle the matter between them. Nothing was however done as Mr. Basu left Mysore soon after, and the papers were suppressed by the then Registrar Mr. Subba Rao. Mr. Majumdar again raised the question and suggested an audit as also that the registers should be revised. His suggestions were accepted by the Dewan but no official orders were issued and the papers were again suppressed by Mr. Subba Rao from whom the papers were obtained only about three weeks ago. Years have elapsed and the accounts continue in the same deplorable state.

II. There is no proper cash book. No book was ever in existence prior to 1905 and the cash book now in use does not show the cash balance in hand on any day. The cash does not seem to have been counted by the Head of the office at any time. Moneys received have not been accounted for in some cases and those taken into the accounts have not all been remitted into the treasury or have been remitted months and years after receipt. Some of the amounts were paid only after 8½ years. As far as could be traced within the limited time at my disposal, embezzlements to the extent of Rs. 1,598-13-0 have been committed. The Head of the Office did not exercise any supervision and the accounts were left to be looked after by the Accountant and the Registrar. Between them, whatever they pleased, was remitted and the rest was embezzled. The amount defrauded should be recovered and adequate disciplinary action taken.

III. To prevent a recurrence of similar defalcations, no cash should in future be received in the Director's Office. Parties should be required to pay the amounts due by them into the treasury and to forward the treasury receipts to the Geological Office for the issue of the leases or licenses applied for.

IV. The registers maintained in the Geological office for the different classes of licenses and leases are not suitable. There is no register of demand, collection and balance and no knowing, consequently, what the dues to Government on a given date amount to. The forms should be revised as explained in the notes and a register of demand, collection and balance maintained in future.

V. The registers maintained in the Comptroller's Office for recording the revenue from the Gold Mines are incomplete and unsatisfactory. Similar registers are kept in the Geological Office but neither are they complete. The duty of keeping a watch over the Mining Revenue was disclaimed by either office and the registers have been left incomplete.

Duplication of work should be avoided and the necessary registers for this revenue should be maintained in the Comptroller's Office alone. The form of the register has been modified. A periodical statement should be furnished to the Director giving him all particulars necessary for departmental purposes.

VI. A local audit of the accounts of the Department by the Comptroller's Establishment should be enjoined in future. It is the absence of all audit that has led to the undetected perpetration of frauds for over a decade.

VII. As regards Gold Mining Revenue, the agreements with the Mining Companies provide for the examination of the books, etc., kept at the Mines by the State Officers. The right has however never been exercised. Though the examination is not likely to disclose any discrepancies in the output of gold, it will ensure the right of inspection by the State and secure to the officers of the State that knowledge of the detailed working of the Mines, which may be turned to advantage, when the leases have to be renewed and their conditions have to be modified.

K. L. DATTA.
17—9—17.

CONFIDENTIAL.

ACCOUNTS OF THE STATE GEOLOGICAL DEPARTMENT.

In a D. O. to the Dewan dated the 11th June, I reported that no check was exercised in the Comptroller's office on the prompt realisation of the Mining Revenue due to the State. The Comptroller's office and probably Government also believed that the necessary check was exercised in the office of the Director of the Geological Department. I accordingly asked for permission to inspect the accounts maintained in the office of the Director. This permission was granted in G. O.'s Nos. 1553—2-17-3 and 1554-5—Geol. 2-17-4, dated 6th August 1917.

Inspection of accounts authorised on 6th August 1917.

2. I have now inspected the accounts maintained in the office of the Director and regret very much to report that the accounts maintained there have been in a very unsatisfactory condition and that I have discovered embezzlements of money received in the office of the Director to the extent of at least Rs. 4,598-13-0. It has not been possible for me, during the limited time at my disposal, to go into all the records maintained in the office and to satisfy myself that all the money which might have been received in the Director's office has been included in a so-called cash book maintained in the office and I am not sure that Rs 4,598-13-0 represents the whole of the amount embezzled or that all the sums realisable on prospecting, exploring and collecting licenses and mining leases have been realised and credited to Government. Not only is no proper check maintained in the office over the realisation of deposits, fees, rents and royalties due to the State, but no care is taken to see that the amounts actually paid into the office on these accounts are promptly paid into the treasury and are not embezzled.

Accounts in a very unsatisfactory State. Embezzlements to the extent of Rs. 4,598-13-0 noticed.

3. The embezzlements discovered all occurred during the incumbency of the late Cashier and Accountant Mr. C. S. Ayyangar who is no longer in the service of the State and the late Registrar of the office Mr. B. Subba Rao, who has since been promoted as an Assistant Commissioner and was until recently an Assistant Secretary to Government and has recently gone on long leave.

4. Since these gentlemen left the office the amounts realised in the office appear to have been remitted into the treasury more promptly, and apparently there have been no embezzlements: but there has been no improvement in the methods of account-keeping or in watching over the prompt realisation of the dues of the State in the Department.

5. I find from an unofficial note dated 27th January 1906 by Mr. Basu, then Comptroller, that he had submitted an Audit Report on the accounts maintained in the office of the Director (then called the State Geologist and Secretary to Government). I have not been able to obtain a copy of this Audit Report either from the Secretariat, the Director's office or the Comptroller's office.

Previous audit report not forthcoming.

6. Mr. Basu, however, appears to have brought to the notice of Government that no accounts of the receipts had been maintained in the Geological Office and it was not known whether all the amounts had been paid into the treasury. The accounts were thus in great confusion and Government appear to have ordered that a Committee consisting of the Comptroller and the State Geologist who was also a Secretary to Government, should settle the matter. Except some unofficial notes by Mr. Basu and the Geological Secretary, no other papers are now forthcoming. These unofficial notes, however, show that nothing was done in the matter then. Mr. Basu asked Mr. Subba Rao, the Registrar, to see him about the matter and Mr. Subba Rao, who was apparently seriously implicated in the matter, never saw him and suppressed the whole question. As Mr. Basu left Mysore soon after this, nothing was done and the whole matter was dropped and the matter continued in the same unsatisfactory condition and the accounts were left in the sole charge of the same Registrar as before.

No action taken on Mr Basu's proposals.

Question subsequently taken up by Mr. Majumdar.

7. Mr. Majumdar when Comptroller and Financial Secretary of the State raised the question again in an unofficial note dated the 9th July 1907 and suggested that it was necessary (1) to prescribe the heads of account under which the different kinds of receipts on account of the Mines should be shown in the accounts (2) that proper accounts should be maintained in the Geological office of the amounts received by it for credit to Government (3) that separate Demand, Collection and Balance Statements should be maintained in that Office to enable it to exercise a proper check over the realisation of the dues of the State on account of its mining revenue and (4) that the accounts maintained in the Geological Office should be audited annually by the outside Audit Staff of the Comptroller's Office.

Mr. Majumdar's suggestions accepted by the Secretary, Geological Department and approved of by the Dewan.

8. After some discussion with the State Geologist who was then Secretary to Government, Mr. Majumdar's proposals were practically accepted, Dr. Smeeth definitely accepting Mr. Majumdar's proposal that there should be an annual audit of his accounts by the Comptroller's Audit Staff. The case was then submitted to the Dewan who passed the following orders on 26th November 1907. "The suggestions contained in the notes of the Financial Secretary and the Geological Secretary as to the accounts to be maintained and the classification may be adopted. If any difficulty is felt as to the forms, etc., the Comptroller may be asked to give needful assistance." Thereupon Dr. Smeeth sent the file to the Comptroller on the 5th of February 1908 with the following note:—"I have read your remarks on the collection of revenue and the keeping of accounts in the Geological Department, and I think we are in substantial agreement as to the lines of the procedure to be followed. I regret that I do not know anything about the keeping of accounts and it would help me if you would kindly send me a set of sample forms of the various accounts and registers which, you think, ought to be maintained so that I may be quite clear as to what is required. I will then send the matter up for final orders.

Further information required not furnished. Papers suppressed by Mr. Subba Rao.

9. In the meantime, Mr. Majumdar had left the service of the State and the Officiating Comptroller returned the file on the 27th of February 1908 with a request that a set of forms of leases in use in regard to several minerals and the Government Orders under which each item of revenue is levied and realised may be sent to him in order to enable him to prescribe the account forms and registers. This file again went to Mr. Subba Rao and he suppressed the whole matter again. Although he left the office several years afterwards and ceased to be Registrar, he brought away the file and retained it with him ever since. The Officiating Director has sent me the file only now, saying that it was in possession of Mr. B. Subba Rao and was received back from him only on the 21st August last. The Comptroller's Office also took no further action in the matter and then Mr. Subba Rao again succeeded in continuing the irregular practices and suppressing the suggestions for regularising the accounts and specially the proposal for an annual audit. The conduct of Mr. Subba Rao has been throughout extremely unsatisfactory and I think he should be asked to explain why he suppressed the matter and brought away the file with him.

Accounts at present maintained.

10. The following is a list of account books at present maintained in the Director's Office :- -

1. Books for receipts granted to parties for moneys paid into the Office.
2. Register of moneys received (or Cash Book).
3. Register of Remittances sent to the treasury in cash.
4. Register of cheques sent to the treasury from 18th March 1915.
5. Register of Licenses granted for collection of Corundum.
6. Register of Exploring Licenses granted.
7. Register of Prospecting Licenses granted.
8. Register of Mining Leases granted.
9. Register of Output of Minerals other than gold.
10. Register of Gold Sale accounts.
11. Register of monthly Gold Accounts from January 1917.
12. Gold Sale Account (not brought into use yet owing to non-receipt of returns).

11. Most of the amounts due to the State on account of prospecting and exploring licenses and mining leases other than those granted to the Gold Mining Companies in Kolar, as deposits, fees, rents or royalty, are paid into the office of the Director and it has been his duty to remit them to the treasury. It is only in the case of the royalty payable for the collection of corundum, that it is recovered by the Revenue authorities before the corundum is allowed to be removed, while the royalties due by the Gold Mining Companies in Kolar, are paid in England to Messrs. Coutts & Co. 11 A

Collection of revenue not properly watched.

12. Following the general principle that it is the duty of the departmental authorities concerned to watch the due recovery of all revenue due to Government, the Geological Department has hitherto been left to look after the collection of the revenue due in the Department, but the Department appears to have failed entirely in the performance of its duties in this respect.

Cash book. How maintained.

13. The most important record is the so-called cash book which shows chronologically the moneys received, the dates of their remittances into treasury or return to parties and the heads of classification to which the items are to be credited, with a column at the end for the initials of the Registrar of the Office to each entry.

14. The Head of the Department does not appear to have exercised any sort of supervision whatever either over the Accountant or the Registrar and they have been left to themselves to deal with the money in any way they thought best.

Defects in the present so-called cash book.

15. Prior to 1905, there was no cash book at all, but though in that year a cash book was opened, it is really no cash book, because it has not got a debit and a credit side and does not show the receipts and the payments on the two sides separately in chronological order and it has never been balanced and does not show what the cash balance was on any day during the 12 years since it was opened. In the first two years the amounts of "cash in Office" were entered in the book every month, but in the absence of any balanced accounts, it is not possible to verify their correctness. In subsequent years, even these entries were given up altogether. There was thus nothing to show what the amount of the unremitted balance in the office was, and as the head of the office exercised no supervision over the accounts, the Registrar and the Cashier remitted to the treasury whatever they pleased and embezzled the rest. The Accountant and Cashier was undoubtedly the man primarily responsible for the frauds committed, but I have no moral doubt that the Registrar was implicated in them as they could not have been perpetrated without his knowledge.

Amounts received not fully brought into cash book.

16. A receipt was required to be given for every sum received in the office and the amount was required to be entered in the cash book and the Registrar had to sign every one of these entries at the same time that he signed the receipt. I find that in a number of instances, the amounts entered in the cash book were smaller than the amounts acknowledged in the corresponding receipts (*vide* statement A) and the differences amounting to Rs. 103 were embezzled.

Dates of remittances not noted in several cases.

17. The dates of remittances to the treasury were required to be entered in the cash book and the Registrar signed the register of remittances every time money was remitted to the treasury. He, however, never appears to have compared the latter with the former and does not appear to have ever noticed the fact that the column for date of remittance to the treasury was unfilled in the case of innumerable items of money received in the office and entered and initialled by him in the register.

Several amounts not remitted at all.

18. Statement B shows the amounts which do not appear to have been remitted to the treasury at all. Against all these items false entries have been made of the dates of remittance to the treasury. These aggregate Rs. 4495-13-0 and have been embezzled.

Several items remitted months and years after receipt.

19. The amounts received were seldom remitted to the treasury within a short time after their receipt and in many cases other than those in which the money was entirely misappropriated, they were remitted months and years afterwards. There is no doubt that in the meantime, many of the amounts were being temporarily misused. I have not attempted to prepare a complete statement of all the amounts which were remitted long after their receipt; but between the

22nd February and 9th March 1915 a sum of Rs. 5,518-15-9 was remitted to the treasury in three instalments on the 22nd and 27th February and 9th March and of this, a sum of Rs. 4,751-7-9 (*vide* statement C) represented amounts received in the Director's Office between 28th August 1906 and 17th January 1913, that is, 2 to 8½ years after their receipt. It is hardly conceivable that this large amount could have remained in the cash chest of the office so long.

20. It is surprising that no question was raised as to how such large amounts came to be paid in within a few days and why the moneys received so many years ago had been kept back. The transactions were, to say the least, out of the ordinary and the Registrar could not have signed the remittance book without being aware of the reasons for the serious delay in the remittances.

Remittance book not properly written up.

21. Even the remittance book does not seem to have been written up properly and in the order of the entries in the cash book. To quote an instance, on 17th June 1907, the last five items in the remittance book relate to recoveries effected on 13th October 1906, 21st May 1907, 21st August 1906, 4th June 1907 and 12th June 1907 ; and again on 5th June 1907 the first 5 items relate to receipts of 2nd April 1907, 22nd February 1907, 14th May 1907, 28th December 1906 and 15th May 1907, respectively. The dates of receipts are not chronological for the remittances made on each day and it would appear that a few items were picked up at random and paid into the treasury. An extract of the cash book for January 1913 is enclosed (*Vide* Statement D), from which it will be seen how irregular have been the remittances into the Treasury and how there has been no system or order in making the remittances. One instance was noticed of the same item being paid into the treasury twice, *viz.*, Rs. 12-8-0 received from Mr. Oakley for cost of publications, etc., sold, remitted on 19th June 1907 and again on 6th July 1907 The remittance book does not contain any reference to the date of receipt and there is no ready means of checking from the remittance book when an item was received.

Instance of an item not promptly refunded.

22. A sum of Rs. 500, (receipt No. 1456, dated 27th May 1910), being the deposit for the minimum guaranteed royalty for a license to collect corundum, was to have been returned to the party, Sukale Sanjeevaiah, with letter No. 840, dated 7th November 1910. This letter was never issued and two reminders were received from the party dated 24th February 1911 and 8th April 1911 and the money was sent without a covering letter on 11th April 1911 and the party's postal acknowledgment received on 12th April 1911. There were no remittances into the treasury from January 1908 to July 1908, December 1909 to July 1910 and 7th November 1910 to 23rd May 1912. No notice was taken of the absence of any remittances during such long periods as 7 months, 8 months and 18½ months as mentioned above.

No remittances for long intervals.

Cheque remittance register unnecessarily and imperfectly maintained.

23. Prior to 1915, cheques received in the office were sent to the treasury with forwarding letters. In that year, a new book was opened to show these remittances but in many cases, it does not contain the acknowledgment of the treasury. No notice seems nowever to have been taken of this omission and no action was taken to have the book completed. Similar omissions occur in the Cash Remittance Register also. A separate register for remittances of cheques was of course unnecessary.

No supervision by Head of Office.

24. These defalcations were rendered possible only because the head of the office exercised no sort of supervision over the receipt of the money and its remittances to the treasury. Evidently the head of the office thought that his duties were confined to the scientific work of his Department and the management of the monetary transactions could be left entirely to the Registrar who was a sufficiently well paid officer to be trusted in the matter.

No watch over prompt realisation of dues.

25. When moneys actually received in the office were remitted to the treasury in such an irregular way and when a part of them was embezzled, it can hardly be expected that a careful watch was maintained over the prompt realisation of the amouts due to the State on account of the operations of the Department and one cannot be sure that all such moneys have been actually realised. As no registers have been maintained to watch these recoveries and as no demand, collection and

balance statement has ever been prepared or called for by Government, it is not possible to say that these dues have been actually realised. I do not consider it is worth while to attempt to prepare such a statement now as regards past years and I have not therefore attempted to do it. I may, however, cite one instance in which proper steps were not taken to recover the amount due.

An instance of inadequate action for recovery cited.

26. A cheque for Rs. 500 was received from Messrs. Sutherland Orr on 19th August 1906 for a Prospecting license over 8 square miles of land. The cheque was drawn on Messrs. Arbuthnot and Company and the amount could not be realised as the firm failed. The applicant having subsequently withdrawn his application although Government had offered him the block, he was informed in No. 2248, dated 25th February 1907 that Rs. 100 should be forfeited to Government and that as the original cheque could not be cashed, he should forward a cheque for Rs. 100 towards the deposit to be forfeited, on the Bank of Madras. In a letter dated 14th June 1907, Messrs. Orr David and Brightwell stated that Mr. Orr was in England and his instructions would be communicated. Ten years have elapsed and the matter rests there.

Explanation for defalcations should be called for.

27. So far as the amounts embezzled are concerned, an explanation should be called for from the officers responsible and an endeavour made to recover the total amount misappropriated.

Safeguards for future.

28. As regards the future, with a view to avoid a recurrence of this deplorable state of affairs, a simple and effective system of accounts should be adopted. The head of the office having failed to exercise any control over the money received in his office and probably also over the prompt realisations of the dues of the State in his Department, his office should not in future be allowed to receive any cash and his duties so far as the realisation of the dues is concerned should be confined to maintaining a few simple registers as well as a register showing the total demands, the collections and the balances due.

Receipts from the Gold Mines.

29. Besides the revenue derived from the Gold Mining Companies in the Kolar Gold Fields, which is dealt with later on, the other receipts of the department fall under the following classes :—

(1) Fee of Rs. 10 payable to Government and received with applications for all kinds of licenses and leases.
(2) Deposits by Lessees and Licensees including minimum annual royalty guaranteed for collecting licenses.
(3) Rent on lands leased for prospecting or mining.
(4) Royalty on different kinds of minerals extracted.
(5) Sale price of books and publications.
(6) Other miscellaneous receipts, such as fees for marking area assigned, on Topographical Sheets, fees for duplicate licenses, assay fees, etc.; Survey and demarcation charges; Stamp and Registration fees.

Sale price of books and publications—how to be dealt with in future.

30. As regards (5), the best way to deal with them would be to transfer the whole stock of books, copies of rules and other publications to the Government Book Depot, which should in future conduct the sales. This will relieve the department of the necessity of keeping a stock account for the publications as well as a cash account of receipts from their sales. It is the Book Depot which sells all publications of the State including Acts of Legislature, Civil Lists, etc., and is the most convenient place for keeping a stock of the publications of the Geological Department also for sale.

Registers to be maintained.

31. For the other classes of receipts, the following registers should be maintained :—

(1) Register of Applications.
(2) Register of Exploring Licenses.
(3) Register of Collecting Licenses.
(4) Register of Prospecting Licenses.
(5) Register of Mining Leases.
(6) Register of Output of Minerals other than Gold.
(7) Register of other Miscellaneous Receipts.
(8) Register of Demands, Collections and Balances.

32. All the other classes of receipts mentioned above should be required to be paid into the treasury by the parties who should forward to the Director the receipts obtained by them from the treasuries. Every application, whether for collecting, exploring, prospecting or mining is now accompanied by a fee of Rs. 10, but in future, instead of the money being sent in notes or by money order it will be paid into the treasury and the treasury receipt will be attached to the application. If the application is complied with, the applicant will be asked to pay into the treasury the further deposit required (Rs. 100 in the case of a prospecting license and Rs. 1,000 for a mining lease) as well as the stamp and registration fees and forward the treasury receipt to the Director. The license or the lease will then be issued on presentation of the treasury receipt to the Director after the document is duly stamped. If the application is rejected, the party will be informed accordingly and a refund bill passed for payment, at the treasury, of the application fee, will be sent to him.

Receipts should in future be remitted into the Treasury direct by parties.

33. No cash book or a remittance book need be maintained in the Director's Office. To enable him to ascertain the number of applications received and of those accepted or rejected without turning over the office files every time, a register of applications in Form I appended should be maintained showing, *inter alia*, the treasury receipt number for the fee paid, the amount of such fee and the number and date of the license issued or the date of refund of the fee received. This register will thus show all applications received in the office and in respect of sanctioned applications, the number and date of the license or lease will be quoted in the last column of the register and there will be a cross-reference in the register of licenses. The number and date of the order by which the fee is authorised to be refunded in the case of rejected applications will also be noted in the register which will thus show the total amounts received on account of fees for applications and will be capable of verification with the statement of receipts into treasuries on this account which will be furnished to the Director every month by the Comptroller.

Register of applications described.

34. There should be separate registers for exploring, collecting, and prospecting licenses and for mining leases, as noted above. In fact, separate registers are maintained even at present, but the forms are defective as explained below:—

No. 2. Register of Exploring Licenses.

35. The only amount realised in connection with exploring licenses is the fee of Rs. 10 paid with each application which is returned to the party, should the Government refuse to grant the application. The present register does not contain particulars of the receipt of this fee. As the register contains only entries of licenses issued and not of applications received, there need be no reference to the refund of the amounts of rejected applications, but there should be a reference to the date of collection of the fee and the treasury into which it was paid. See Form 2.

Register of Exploring licenses—how to be kept.

No. 3 Register of Collecting Licenses for Corundum.

36. The amounts realised in connection with these licenses are (1) the fee of Rs. 10 levied on each application for the licenses which are returned, should the license for collecting be refused, and (2) the minimum royalty guaranteed by the licensees which is held in deposit. The licensee, as he removes the corundum collected, pays royalty at Rs. 4 per candy to the Taluk Office from which he obtains the necessary permit for the removal of corundum. Should the royalty thus paid fall short of the minimum royalty guaranteed by the licensee, only that portion of the minimum royalty held in deposit which is equal to the royalty actually paid is refunded to the party and the balance forfeited to Government to make up the minimum amount guaranteed as royalty. Information regarding the royalty paid by each licensee is obtained from the Revenue Department before the application for refund of the deposit is considered.

Present register of collecting licenses—how kept.

37. The register contains no reference to the fee of Rs. 10 paid with each application nor the date of the receipt of the minimum royalty. There is also no reference to the return of the minimum royalty either in full or in part to the party or to the credit of the same to Government as revenue. The form requires amplification so as to provide for these particulars and a sample of the modified form (Form 3) is appended. There is no need to keep a running account of these licenses as each license lapses one year after it is issued unless renewed. When it is renewed, it should be treated as if it were a new license.

Defects and proposed changes.

No. 4 Register of Prospecting Licenses.

38. Each application for this kind of license is accompanied by a fee of Rs. 10 and if the application is accepted, the licensee has to deposit a sum of Rs. 100, which is forfeited to Government, should the licensee fail to comply with any of the conditions of the contract. The period of the license is one year, and the licensee has to pay rent on the lands leased at such rate as may be fixed by Government which may not be less than one anna nor more than Re. 1 per acre. The license may be renewed from year to year on payment of the rent on the lands leased. A fairly large number of these licenses are renewed from year to year and minerals are sometimes collected and removed on which royalty is recovered at the prescribed rates. It is difficult to make out from the register now in use whether the various amounts due from each licensee are being regularly realised and when a deposit was refunded. The files relating to the several licenses are the only means of finding out whether all the amounts due to the Department from each licensee have been received. It is therefore necessary to recast the register so as to bring all the particulars relating to each license in one place. An amplified form (Form 4) of the register is appended which shows all the details necessary.

Receipts relating to Prospecting licenses explained.

Defects in present form of register.

Proposed changes explained.

B

39. Whenever a license is renewed, the original number continues to be quoted thereon and if the renewal is effected more than once, there is no space in the register in the last column for noting the dates of the several renewals. It would be advantageous for purposes of reference if a fractional number is given to a license at the time of each renewal, the numerator denoting the serial number of the license in the register of licenses and the denominator, the previous numbers of the license and the year in which it was originally granted and the subsequent year of renewal. Each renewed license will be entered afresh as a new entry in the register.

40. Under the rules, Royalty rates are liable to alteration from time to time, but even if they are not altered, the amounts realisable will naturally depend on the output and is payable quarterly on chrome, mangnesite and manganese ores. No register of demands, collections and balances is at present maintained in these cases and there is no knowing what the amount due on a particular date is or for how long it has been outstanding. A demand, collection and balance register is therefore necessary.

A register of Demands, Collections and Balances necessary.

B

41. The appended form (Form 5) is considered suitable for the purpose. It should have one line for each license or lease, in which should be entered the name of the licensee, the demand on account of rent and royalty, twelve money columns for showing the collections each month and the balance. The outstanding balance should be carried over year after year. At the end of each month, the Comptroller will, as hitherto, send a statement showing in detail the receipts on account of the Geological Department classified under detailed heads and by Districts and it will be compared and agreed with the monthly totals of collections posted in the several registers.

Vide C

42. To arrive at the amount of Royalty due, there should be a register of output of minerals, showing the quantity extracted, the quantity removed and the Royalty due at prescribed rates. A register is at present maintained and it is posted from quarterly returns received from the Mining and Prospecting Companies other than the Kolar Gold Mining Companies. The returns are not in some cases regularly received. The register from 1915-16 onwards contains information regarding the amounts realised and dates of realisation, but the previous register is imperfect and does not contain particulars of Royalty recovered. The form of the register has been slightly modified (Form 6) and the amount of Royalty due will in future be taken to the 'Demand' column of the 'Demand, Collection and Balance' register and as there will be a demand for every quarter, sufficient space (say 6, lines) should be allotted to each license for the entry of all the items of demand for a year.

Prospecting Licenses.

43. Manganese extracted under prospecting licenses is sometimes found to be of inferior quality and to be consequently not worth anything at the time of operations. The licensees accordingly give up work after a year or two, leaving the extracted material on the blocks themselves. When the license lapses in the ordinary course, the materials in the block are the

Minerals extracted and left behind should be periodically advertised.

property of Government, but no attempt seems to have been ever made to ensure that the quantity reported in the last quarterly statement sent by the licensees is actually left in the block worked and that it is disposed of by the Geological Department to the best advantage of Government. Though the materials may not be worth anything at the time or at the particular locality, there have been instances in which they have subsequently become marketable and fetched a price from later speculators. A list (Statement E) is appended showing the quantities and descriptions of materials which have been left over by prospecting licensees and it will be noticed that the quantities are not inconsiderable and some of them have been lying unused for a number of years. It is for the consideration of Government whether complete lists cannot be made out and advertised in the Government Gazette periodically so as to apprise intending licensees or approved firms of their existence and to see whether a market cannot be found for them. Stuff which might have once been discarded as valueless may be found useful later by other persons and by keeping the matter constantly in view, Government might be able to get a fair and suitable price for these mineral products.

System of check of output defective. Proposed remedy.

44. As regards the output, there is no check by the department of its correctness. A quarterly statement is received from each licensee and it shows the details of the quantity said to have been extracted during the quarter, the quantity removed and the balance unremoved, including previous operations. The quantity removed on which the royalty is recovered is supported by the Railway receipt which is returned to the party after the statement is checked. Thus the Director's check does not extend to anything beyond what is furnished to him by the parties themselves. The Director considered the system defective and asked the Traffic Manager, Madras and Southern Mahratta Railway Company, whether a statement showing the quantity of railborne minerals could be furnished every quarter to the Geological Department so that the statements from parties could be audited with the Railway figures. The Railway Department however replied that this would be a special compilation and could be done only on payment of a fee of Rs. 75 per quarter—*vide* No. C. 3—5916-16, dated 17th August 1916 from the General Traffic Manager. The matter seems to have been dropped there. An independent check of the quantities extracted on which the royalty revenue is based seems necessary in the interests of Government. As the quantities exported are very small, the Railway Company might be induced to furnish the information for a much smaller fee.

No. 5 Register of Mining Leases.

Accounts of Mining Leases now maintained.

45. The amounts collected in connection with each lease are: (1) Deposit of Rs. 1,000, (2) Surface rent at Re. 1 per acre payable annually, (3) Royalty and (4) Dead rent in those cases in which Government are not satisfied with the operations of the lessee. As these leases run for a period of thirty years, it is necessary to watch the annual recovery of items (2) and (3). The recovery of the dues of each lease is watched from the correspondence files and this procedure is from its very nature very unsatisfactory, as there is always the chance of demands being overlooked or not made as soon as they fall due.

Registers to be kept.

46. A register showing the demands, collections and balances as well as a register of output similar to those for prospecting licenses should be maintained for this purpose. A register of mining leases in Form 7 should also be kept.

No information available regarding leases in districts other than Kolar.

47. Of the 34 leases current in 1916-17 a large number is in the Kolar District, the ground rent in respect of which is collected by the Deputy Commissioner. The Geological Department does not hence find the necessity for satisfying itself that the rent is being realised, as the Deputy Commissioner is entirely responsible for seeing that the amounts are duly recovered. But as regards the leases in other districts, the Department has not been regularly getting any information about the recovery of rent. There are certain blocks, such as the following, regarding which no information is available as to whether the lessees retain possession of them or have abandoned them :—

(*a*) Lease No. 101, northern half of the Amble block in Nanjangud Taluk. The Deputy Commissioner has been addressed on 10th July 1917 as to whether any arrears are outstanding in respect of this block.

(b) 59 Yerrekonda Gold Mines.—The block would appear to have been abandoned, but there is no information as to whether rent subsequent to 1905-06 has been received.

(c) 79 Chiknaiyakanhalli No. 6 Mining Black.—Nothing is known of this block.

In the above cases, neither the Deputy Commissioner nor the Director appears to have taken sufficient action in the matter.

Register of Miscellaneous Receipts.

48. As regards other miscellaneous receipts such as fees for making area assigned on Topo sheets, fees for duplicate licenses, assay fees, Survey and Demarcation charges, Stamp and Registration fees, etc., a register should be maintained in Form 8.

Form of register of miscellaneous receipts.

LOCAL AUDIT.

49. An annual local audit of the accounts of the Department by the Comptroller's establishment should be enjoined. It is needless to emphasise the necessity for such a procedure, considering that account irregularities have been going on for years undetected in this Department. If there had been a regular audit, the large misappropriation of Government money noticed in these notes would have been brought to light some years ago and would have been prevented from assuming the proportions which it did.

Necessity for Local Audit.

CLASSIFICATION OF RECEIPTS.

50. The classification of the several kinds of receipts of the Department should be as follows :—

Details of classification explained.

VIII. MINING REVENUE.

1. Fees for applications for licenses.
2. Royalty.
3. Rent on prospecting lands.
4. Rent on mining lands.
5. Fines on assignments.

X. SCIENTIFIC AND OTHER MINOR DEPARTMENTS.

GEOLOGICAL DEPARTMENT.

1. Assay and analysis fees.
2. Other items.

DEBT HEADS.

Deposits.

51. In this connection, two points arise for consideration, *viz.*, (1) the agency for collecting the rentals and (2) the head of revenue to which rentals including cesses should be credited. As regards the agency, the Secretary to Government, Geological Department addressed the Revenue Commissioner as follows in his No. 601, dated 15th August 1907.

Rentals should be collected by the Geological Department.

There is no uniform system now. In some cases, the District Revenue Officers collect the sums and in a few cases, the lessees send the rental direct to this office and I advise the Deputy Commissioner of the receipt. This dual agency might lead to some confusion and it is my intention now to suggest to Government that in the case of lands leased prior to the issue of the Rules of 1904 and on which the Revenue Survey Assessment is levied, the District Revenue Officers be held responsible for the collection and that in the case of lands leased under the rules of 1904, the rentals be collected by this Department.

The local cesses, taxes and rates, provided for in clause 7 of the lease should, I think, be collected by the local Revenue Authorities if such taxes are collected at all.

52. The Revenue Commissioner in reply said :—"Whatever may be the character of the rent and cesses levied, there is nothing to prevent the Government from ordering what agency shall collect them from the Mining Companies and account for the same to Govern-

ment. There seems to be therefore no necessity for making any distinction between the receipts under leases granted prior to 1904 and those which are subsequent, and if the Government consider that the Geological Department might conveniently deal with the collection, arrangements can be easily made for transferring all the accounts to that Department. I may also go further and say that the change would be beneficial in that, as the Geological Department can deal directly with the Mining Companies and have a greater hold upon them, the Government dues are likely to be collected more readily than at present."

53. I agree in the above view and consider that the rent together with the cesses due should be recovered and watched by the Geological Department.

Rents should be credited to Geological Department and not to Land Revenue.

54. As regards rent on mining lands, it should not be merged under 'Land Revenue and collected by the Revenue authorities, but should be shown as a distinct item of revenue relating to the Geological Department, as the lessee pays a fixed rent of Re. 1 per acre for all the land in his block independently of its value and the rent has nothing whatever to do with land revenue, being merely a dead rent for the retention by the lessee of the right to mine within the block. The leases entered into prior to the issue of the Rules of 1904 and current on this date may not be very many and there need not be any difference in the agency of collection or the head of account to be credited in respect of the leases coming under the rules of 1904 and those issued at an earlier date. The items should therefore be credited to the Geological Department. The cesses should also be collected along with the rent and "it will be very inconvenient," as observed by the Revenue Commissioner, "to subject to a different treatment as regards collection, the cesses, the taxes, or rates payable under the terms of the mining lease with reference to the rent or royalty paid by the mining companies. It will also be found difficult to check the credits in the accounts if both the Revenue and the Geological Departments are separately required to account for portions of realizations from the Mining Companies. On the other hand, there will not only be a practical advantage if the Geological Department watch the collection of these cesses also and adjust once a year the credits under the different heads of revenue in communication with the Comptroller."

Cesses may be adjusted to proper head once a year.

55. The procedure suggested is sound. The amounts collected on account of cesses are not large and I would advise that the whole amount collected be credited to the Geological Department in the first instance and that the Comptroller be required to adjust the amounts of cesses once a year to the proper head of account.

Gold Mining Revenue.

Amount of revenue and method of adjustment.

56. The revenue derived from Gold Mines amounts to about Rs. 20 lakhs a year. The Mines are worked by British Companies and the revenue consists of a "Royalty of 5 per cent on net sale proceeds of all gold, metallic ores, coal and other substances of saleable or merchantable nature found on the mining blocks which shall have been crushed and made merchantable by the lessees and a royalty of 2½ per cent upon the amount of all dividends from whatever source derived as and when declared and made payable by the lessees to their shareholders." Before the outbreak of the war, the gold was shipped to England, melted, assayed, and refined and the amount due was paid by Messrs. John Taylor & Sons, the Companies' Agents in London, to the State's Bankers. The latter Company send advices of the receipts of the revenue to the Comptroller. Since the commencement of the war, however, owing to difficulties of shipment, the Secretary of State for India has agreed to purchase the whole gold under the following terms, as intimated in a D. O. letter dated 25th September 1914, from Messrs. John Taylor & Sons. London.

The regular consignments of gold from the mines will be deposited at the Bombay mint, to the order of the Bank of England. On being so deposited, their assay value is certified by the Official assayers of the mint. The price, at which the Bank of England purchases the gold, has been fixed at £ 3-17-9 per standard ounce. On the value of the gold deposited by each of the companies being thus ascertained and communicated to the Bank of England by cable, the Bank will pay on account of the respective companies on this side 97 per cent of such value. The gold will be retained by the Bank of England at the Bombay

mint at its discretion and the remaining 3 per cent of its value, less the cost of bringing it to England (the companies undertaking to defray all the expenses of delivering the gold in London in the usual way), will be paid over to the companies after the gold has arrived here

We propose to pay the Mysore Government monthly the royalty on 97 per cent of the value of production as and when received from the Bank of England and to effect final adjustments as the consignments of gold are delivered at the Bank of England and settled for."

57. These arrangements have been accepted by the State as intimated in the Comptroller's letter 325-50 B. R. dated 29th October 1914 from the Comptroller to Messrs. John Taylor & Sons, 6 Queen Street Place, London.

58. The following returns are being received in the Audit Office in connection with the revenue :—

Returns received by Comptroller and registers kept up.

Name of return	From whom received	Period
1. Monthly statement of Gold produced ...	Each Mining Company ...	Monthly.
2. Mines' and Mints' returns showing the quantity of gold extracted	Messrs. John Taylor & Sons. Ooregaum.	Bi-monthly.
3. Statement of dividends declared by each Company:	Companies' Head Offices in London.	Thrice a year.
4. Messrs. Coutts & Co's account of recoveries made on account of royalty.	Messrs. Coutts & Co. ...	As recovered.

Besides the returns, statements showing the quantity of refined gold remitted to England were being received about once a month from refining companies, prior to the war, as also final statements of the Companies' accounts. Owing to stoppage of shipments, these are not now being received. From statements (1) to (4) above, a royalty register is intended to be maintained in the Audit Office and after the transactions have been posted in the register, the statements are to be transmitted to the Geological Department for final record. A register showing the demand, collection and balance is also to be maintained in the Audit Office.

59. In the Geological Office, monthly statements showing materials treated and gold obtained are received from the Superintendents of the respective Mines. So far as ore crushed and gold extracted are concerned, these are posted into a register and are compared with the statements received from the Comptroller. The sale accounts and royalty receivable are posted from accounts received from the Comptroller. The entries in this register are therefore on account of the royalty payable by the Company.

Registers in Director's Office.

60. Neither the registers in the Comptroller's Office nor those in the Director's are, however, maintained properly. The latter does not show the amount of royalty due, the amount realised and the balance still left unpaid. The former are still worse. In no case have annual totals been made since 1912 and there is no knowing that the total amount due has been actually realised. In one case, totals were made up to 1911, in another, up to 1909 and in the other 3 cases totals have not been made since 1909 when the register was first opened. The registers are not posted up-to-date and the details for the balances outstanding are not given. Thus, though royalty registers are maintained in both the Offices, neither is complete and neither serves any useful purpose.

Neither account is properly kept.

61. This state of affairs seems to have been brought about by each Office disclaiming responsibility for the proper upkeep of the demand, collection and balance registers. The Comptroller considered that it was necessary for the Director to satisfy himself that the quantities of gold produced as shown in the Companies' accounts were correct, while the Director held that he had no means of judging of the correctness of these figures and that the audited accounts of these companies must be accepted as correct and that as the accounts of payments

Demand, collection and balance registers should be kept in Comptroller's Office.

of royalty were received by the Comptroller, he was in a better position to exercise a check over the amounts due. So far as the check over receipts is concerned, I agree with the Director and am of opinion that the register showing the demand collection and balance should be maintained in the Audit Office, as the requisite information is directly furnished to this office and that the Director should be relieved of the duty of keeping another set of registers in his office which *prima facie* is an unnecessary duplication of work. I would however simplify the form of the registers maintained in the Comptroller's Office and require all particulars necessary for departmental purposes to be supplied to the Director by the Comptroller.

62. Of the two registers maintained in connection with the Royalty Accounts in the Audit Office, one register gives the details of quantity of ore treated, gold produced, value of the same and the royalty thereon, while the other gives balance of royalty due, particulars of demand with weight of gold, demand of the month and the collections and also the balance due. The figures relating to value, demand, collection and balance are in every case both in sterling and rupees. The second register may be dispensed with altogether and by a slight modification of the first register, the amounts collected and the balance due may be shown in the same register.

Form of register described.

63. The register should be in the form 9 attached and there should be a folio set apart for recording the transactions relating to each Mining Company. The top portion of each folio should show the quantity of gold produced, its gross value, the royalty due, both according to preliminary and final accounts and the rebate allowed and paid in India on account of expenses incurred for shipment, etc. The demand on account of royalty due will be transferred to the statement in the lower half of the page and the royalty at 2½ per cent. on declared dividends added thereto. The realisations as per Messrs. Coutts & Co.'s accounts and the balance due will also be shown in this part of the register. In the column for balance, the month or months from which the amounts are outstanding against all the companies should be entered. An abstract should be kept in the form appended (Form 10) bringing together the amounts due from the companies, the amounts recovered and the balances.

A periodical statement should be furnished to Director.

64. For the information of the Director, a monthly or quarterly statement should be compiled from the register of royalty above described and furnished by the Comptroller to the Director as well as Government. It should contain all particulars necessary for departmental purposes. No separate subsidiary register need be kept in the office of the Director.

No independent check of company's accounts.

65. Under the above scheme, all the returns in connection with this important revenue will be received either from the Company or the Company's Agents and they will have to be accepted as correct as no independent audit check can be really exercised on the quantities shown as produced and accounted for. The Comptroller will simply verify the quantities shown in one statement with another furnished by the Company and see that the amounts received are correct with reference to the quantities shown in the different statements.

Right of inspection under the agreement should be exercised.

66. Under the agreements with the Companies, the State is, however, entitled to inspect their accounts and I think this right ought not to be given up, though it is not likely that such an inspection will lead to the discovery of any irregularities in regard to the quantity of gold or other minerals produced. The agreements with the Companies were first executed in 1880 and after the expiry of the period of license in 1910, renewed for a further term of thirty years. There is a distinct provision in the agreement that "the lessees should, throughout the said term, make and keep in some convenient place on the mining block and so that the lessors or their agent or agents can have at all times free access thereto, proper books of account of the working of the mines and the costs thereof and of the disposal of the gold, metals, metallic ores and precious stones, coal and other substances of a saleable or merchantable nature, containing all particulars of quantities, dates and other facts, etc," (Clause 17) and also will when required by the lessors or their agent or agents, give to them or him copies of all entries in the said books, etc, (clause 18.)

67. This right has, however, never been exercised as the Companies' books and accounts do not appear to have been inspected at any time by any officer of the Geological department or by an accounts officer. The necessity for the provision in the agreements and its advantages are, however, obvious. It is important for the State to satisfy itself that the quantities extracted are actually brought to account and that the quantities shown in the original accounts are those for which the amount due has been paid to the State by the Companies' Bankers. In allowing rebate on account of freight and insurance etc., charges, the claim is admitted without any audit and it is therefore not known if the claim relates only to such charges as form a part of the expenses correctly debitable against the gross revenue. It seems to me essential that these charges for rebate should be carefully checked by the Audit Office of the State.

Claims for rebate now admitted without audit

68. It is true the State is concerned only with the total quantity of gold and other minerals produced and, as mentioned above, I do not anticipate that an examination of the Companies' accounts will disclose any irregularities in regard to the quantity of minerals shown as produced, but I think such an examination will have other advantages. In my opinion, it is desirable that the provisions of the agreement should be taken advantage of and a periodical inspection of the books should be made. lest lapse of time might sanctify the present non-examination and the right of examination itself might be contested hereafter by the Companies. The need for action in this direction is emphasised by the recent refusal of the Agent, Madras Southern Maharatta Railway to allow the Audit Officers of the State to inspect the Kolar Gold Fields Railway accounts in spite of definite clauses in the agreements.

Advantages of Local Examination of companies' books.

69. The local examination of the accounts and books of the company is also important from another point of view. A larger association of the Officers of the State with the practical working of the Companies and an acquaintance with their books and accounts is desirable in that it will secure to Government that intimacy with the working of the mines which will enable Government to demand terms more advantageous, if possible, on the expiry of the present term of 30 years of the lease. The conditions under which the contract is now being worked are those which were entered into over thirty years ago and as the State has never exercised the right of inspection of the initial accounts, the Government do not know what accounts are being kept by the companies and how the quantities are being brought into accounts and what the other details of the working are. If the State exercises the privilege conferred by clauses 17 and 18 of the agreements, the Officers of the State will not only be able to ensure that the accounts are properly kept and the revenue credited is correct and based upon the actual quantity produced and that the working expenses are properly allocated, but also to get that intimate knowledge with the working of the Companies, which will be necessary for considering whether the conditions of the contract could not be altered, when the time comes, to the greater advantage of the State. The advantages resulting from an examination of the accounts of the Companies cannot perhaps be definitely gauged except after one or two inspections actually conducted. If the inspections are not found to be of much material use or benefit to the interests of the State, they may be carried out at longer intervals.

K. L. DATTA,
17-9-17.

STATEMENT A.

Items not brought into the cash book and embezzled.

No.	Date of Receipt.	Number of Receipt.	From whom received	Particulars	Amount realised	Amount brought into Cash book	Remarks
					Rs. a. p.	Rs. a. p.	
1	24th Aug. 1908	1,193	P. Srinivasa-murti.	Fee for marking Topo Sheets ...	7 0 0	6 0 0	
2	29th Sept. 1908	1,226	Higginbotham & Co.	Cost of certain publications sold to the Company.	23 0 0	21 0 0	
3	24th Jan. 1910	1,437	Mr. S. N. Subba Rao.	Rent on lands in P. L. No. 102 for renewal.	200 0 0	100 0 0	
				Total ...	230 0 0	127 0 0	

STATEMENT B.

Amounts realised but not remitted to the Treasury and embezzled.

No.	Date of receipt	No. of receipt	From whom received	Particulars	Amount	Date on which the amount is noted to have been sent	Remarks
1	2	3	4	5	6	7	8
					Rs. a. p.		
1	5th June 06	...	Dwarakadas Lalji of Bombay.	Fee for exploring license	10 0 0	Not noted	Marked in pencil as sent to Treasury. The pencil remark in the 'Remarks' column "what is this for. If there is no reference in office write and enquire" has been scored out.
2	6th Dec. 06	...	Mr. G. M. Abdul Gaffur, Gubbi.	Deposit for a P. L. over 5 sq. miles in Chiknayakanhalli. Application dated 5th December 1906.	100 0 0	...	Marked "Ty. do" under 10th Dec. 1906.
3	28th Jan. 07	...	S. Narayana Rao	Part payment of rent on land applied for prospecting purposes.	600 0 0	...	Marked "do do" *(i.e.* implying that the amount was remitted to the State Huzur Treasury on 6th February) which appear to have been written on a slightly erased surface.
4	4th Feb. 07	...	Mr. A. Mervyn Smith.	Sale of publications and maps.	7 8 0	6th Feb. 07	Only 8 annas remitted out of Rs. 8
5	16th Feb. 07	...	Mr. Narayanaswamiappa.	Deposit for a P. L. under general rules over 3¼ sq. miles in Chennapatna Taluk.	100 0 0	...	'Date of remittance' and 'to whom sent' not noted.
6	7th Mar. 07	...	Cash sale ...	By sale of 3 copies of rules	1 8 0	16th Mar. 07	Date of remittance noted as 16th Mar. 1907 but not found in remittance book.
7	2nd May 07	...	Mulraj Khatan ...	Rent on 2 sq. miles of land applied for prospecting.	100 0 0	11th June 07	Date of remittance " do " under 11th June 1907.
8	18th June 07	...	Sheik Ibrahim ...	Rent on 3 sq. miles of land for prospecting. *Vide* No. 3178, dated 7th June 1907.	50 0 0	29th July 07	Rupees 150 received but only Rs. 100 remitted on 29th July 1907.
9	23rd June 10	1,462	T. Chinnaswami Iyer.	Deposit for a P. L. in Yedatore Taluk, application dated 22nd June 1910.	100 0 0	...	Col. 'Date of remittance' not filled up.
10	18th May 08	1,139	The Superintendent, Tank Mines.	Fee for stamping the Mining leases to be granted.	10 0 0	13th July 08	Out of Rs. 213 realised a sum of Rs. 203 was remitted to the Superintendent of Stamps on 13th July 1908 with No. 103. The balance of Rs. 10 is not accounted for
				Carried over ...	1,079 0 0		

STATEMENT B—*contd.*

No.	Date of receipt	Number of receipt	From whom received	Particulars	Amount	Date on which the amount is noted to have been sent	Remarks
					Rs. a. p.		
				Brought forward ...	1,079 0 0		
11	23 Sept. 09	1391	M. C. Malliah ...	Rent on lands in P. L. No. 247 for renewal.	100 0 0	(a)	(a) The date of remittance is not noted in the Cash Book and the amount is not traced to have been remitted to treasury.
12	6 April 11	1522	The Manager, National Bank of India for W. Barnard.	Rent on lands in P. L. No. 64 for renewal up to September 1911.	398 14 0	1 July 12	
13	10 May 11	1528	Messrs. Schroder Schmidt. and Co.	Rent on lands in P. L. No. 116 for renewal.	400 0 0	26 June 11	
14	5 July 11	1549	M. Bronson ...	Rent on lands in P. L. in the Tirthahalli Taluk.	100 0 0	22 Feb. 15	
15	20 Oct. 11	1564	...	By sale of a copy of notes on Underground water resources in Mysore.	2 0 0	9 Nov. 11	
16	Do	1565	...	By sale of a copy of rules	0 4 0	Do	
17	26 Oct. 11	1566	B. Mohamed Yusuff	Deposit of the guaranteed Minimum Royalty for a license to collect corundum in the Bagepalli taluk.	75 0 0	Do	
18	27 Oct. 11	1567	S. G. Stromier ...	Fee in respect of his application, dated 27th October 1911 for a P. L. for gold in Honnali taluk over 2 square miles.	20 0 0	Do	
19	Do	1569	Hari Shankar Nandaram, Bangalore.	Fee for a license for corundum in the Mysore taluk.	10 0 0	Do	
20	28 Oct. 11	1571	...	By sale of a copy of rules...	0 4 0	22 Feb. 15	
21	1 Nov. 11	1573	Mr. B. Nagappa ...	Balance of rent on land in P. L. No. 310 for renewal (Rs. 100). Fee for a duplicate copy of P. L. No. 3110 (Rs. 10).	110 0 0	9 Nov. 11	
22	8 Nov. 11	1576	A. Mervyn Smith Coromandal P. O. East Betarayaswamy Mine.	Fee in respect of an application, dated 6th November 1911 for a license for manganese over the Gangeri block in the Tarikere taluk (by money order).	10 0 0	24 Jan. 12	
23	9 Nov. 11	1578	Registrar of Authorized Publications in Mysore (Mr. C. H. Yates).	In payment of price charged for 9 volumes of Records of the Department forwarded.	18 0 0	Do	
24	14 Nov. 11	1580	M. Lakshminarayan, 210, East Gate Fort, Mysore.	Fee and deposit in respect of his application, dated 14th November 1911 for a license to collect corundum in Chandenahalli village, Kikkeri hobli, Krishnarajpete taluk.	11 0 0	Do	
25	16 Nov. 11	...	Cash Sale (Mr. H. Donne).	By sale of a copy of rules for the grant of mineral licenses.	0 4 0	Do	
26	21 Nov. 11	1582	Registrar of Authorized Publications in Mysore.	In payment of price for a copy of records volume X supplied.	2 0 0	Do	
27	27 Nov. 11	1584	R. H. P. Bullens, Esq., Supt., Ooregum Gold Mining Co., Ltd.	Rent for renewal of P. L. No. 347 for a further period of one year from the date of its expiry.	300 0 0	22 Feb. 15	
28	13 Dec. 11	1587	F. H. Naish, Esq., St. Mark's Hotel, Bangalore,	Fee for an exploring license over Shimoga District applied for on 2nd December 1911.	10 0 0	24 Jan. 12	
29	Do	1589	T. Chinnasamy Iyer	Rent for renewal of P. L. No. 346.	100 0 0	28 Feb. 12	
30	3 Jan. 12	1596	Messrs. Jambon & Co.	Cost of a copy of rules for prospecting gold.	0 4 0	5 Mar. 12	
				Carried over ...	2,746 14 0		

STATEMENT B—*contd.*

No.	Date of receipt	No. of receipt	From whom received	Particulars	Amount	Date on which the amount is noted to have been sent	Remarks
					Rs. a. p.		
				Brought forward ...	2,746 14 0		
31	8 Jan. 12	1599	A. G. New ...	Cost of Mines Reports for 1899, Reports from 1900 to 1908, Memoirs Vols. 1,2,3 Bulletins 1 to 4 and Vol. 5 and Notes on underground Water Resources sold.	36 0 0	5 Mar. 12	
32	10 Jan. 12	1600	T. Chinnasami Iyer.	Royalty on a quantity of mica removed from his P. B. Nos. 246 and 350.	43 12 10	Do	
33	Do	1601	G. Ramakrishniah	Cost of a copy of rules ..	0 4 0	Do	
34	11 Jan. 12	1603	A. G. New ...	Cost of 9 copies of Records sold (Vols. 1 to 10 No. 4 excepted)	18 0 0	Do	
35	Do	1604	Do ...	Cost of a copy of the Geological map of Mysore sold.	5 0 0	Do	
36	11th Jan. 12	1605	.....	Charges for making two copies of tracings of Honneghatta Mining block	6 0 0	5th Mar. 12	
37	17th Jan. 12	1610	P. S. Harmost, Agent, Schroder Schmidt.	Fee for making on an enlarged scale plan of P. B. No. 116.	10 0 0	Do	
38	22nd Jan. 12	1612	S. N. Subba Rao	Rent on lands in P. L. No. 102 for renewal.	200 0 0	Do	
39	31st Jan. 12	1619	C. H. Jefferson ...	Cost of 2 copies of rules sold.	0 8 0	Do	
40	25th Mar. 12	1640	Pilkington ...	Rent on lands in P. L. No. 316 for renewal.	100 0 0	9th Mar. 15	
41	1st Apl. 12	1643	S. N. Subba Rao	Rent on lands in P. L. No. 292 for renewal.	50 0 0	Do	
42	Do	1644	A. C. W. Donne	Cost of a copy of water resources in Mysore sent by V. P. P.	2 2 0	Do	
43	13th Apl. 12	1646	D. Sama Row ...	Fee on his application for a P. L. for gold in Honnali Taluk.	20 0 0	Do	
44	Do	...	Do ...	Do ..	20 0 0	Do	
45	15th Apl. 12	1647	P. S. Harmost ...	Fee for a duplicate map of Hoshally M. G. block.	5 0 0	Do	
46	18th Apl. 12	1649	T. Chinnasamy Iyer.	Fee for an exploring license over Hassan District.	10 0 0	27th Feb. 15	
47	29th Apl. 12	1652	Gainmall ...	Fee for a license to collect corundum, Nagamangala Taluk.	10 0 0	9th Mar. 15	
48	29th June 12	1688	A. Ghose ...	Rent on lands in P. L. 153 for renewal.	500 0 0	Do	
49	Do	1689	D. Sama Rao ..	Rent on lands included in P. L. in Honnali Taluk.	40 0 0	Do	
50	13th July 12	1697	T. K. Sethumadhava Rao.	Fee for exploring licenses over Hassan, Mysore and Chitaldrug Districts.	30 0 0	Do	
51	15th July 12	1698	A. D. Sanders ...	Fees for exploring licenses over Mysore District.	10 0 0	Do	
52	20th July 12	1700	Waljee Laljee ...	Rent on lands applied for prospecting in Mandya Taluk.	40 0 0	Do	
53	4th Mar. 11	1514	T. E. Neelachallam	Cost of four copies of rules for prospecting.	0 1 0	1st July 12	Re. 1-1-0 as entered in the cash book. Out of this Re. 1 only remitted to Treasury on 1st July 1912.
54	4th Sep. 07	...	B. Syed Mohamood	Fee for the copy of plan of mining block granted to Messrs. Binny & Co.	1 0 0	No date ...	
55	18th June 08	1155	A. S. Andrews ...	Amount due for the Services of Balaji Row lent to prospect some of his blocks	158 3 2	.....	The original cheque was not accepted as it could not be cashed and paid. Another cheque was left in office on 14th October 1908 and acknowledged in No. 1937, dated 29th January 1909 to the party. It is not known when this cheque was remitted to the treasury. The amount of the bill is Rs. 158-13-2. but the cheque amount is 10 as. less.
				Carried over ...	4,062 13 0		

STATEMENT B—*concld.*

No.	Date of receipt	No. of receipt	From whom received	Particulars	Amount	Date on which the amount is noted to have been sent	Remarks
					Rs. a. p.		
				Brought forward ...	4,062 13 0		
56	28th Sep. 12	1729	Messrs. Schroder Schmidt & Co.	Rent on land of a prospecting license in the Holalkere Taluk.	80 0 0	31st July 13	Not found in the remittance register.
57	Do	1730	B. Virabadrappa	Fee for an Exploring License over the Kolar District.	10 0 0	Do	Do
58	15th Nov. 12	1740	M. D. Mohamed Ali.	Fee in respect of his application for a fresh license over his old P. B. No. 237.	20 0 0	27th Feb. 15	
59	Do	1740	Do ...	Rent on lands in above ...	80 0 0	Do	
60	17th Jan .13	1769	T. R. Setumadhava Rao.	Rent on 1 sq. mile of land in Mudgere Taluk in respect of a P. L. applied for on 31st December 1912.	40 0 0	22nd Feb. 15	Do
61	Do	1770	Do ...	Rent on 1 sq. mile of land in respect of a P. L. over another block in Mudgere Taluk applied for on 31st December 1912.	40 0 0	Do	
62	22nd Jan. 13	1771	Syed Abdul Samat	Fee for an exploring license over Kolar District.	10 0 0	Do	
63	5th June 13	1838	B. Nagappa, Shimoga.	Deposit and rent due in respect of Urega and Sonnekoppa blocks in Bowringpet Taluk in lieu of a cheque returned.	100 0 0	10th June 13	
64	22nd July 13	1864	B. Nagappa ...	Fee in respect of his application for a prospecting block in the Bowringpet Taluk (Sonkuppa block).	10 0 0	Nil	Do
65	18th May 12	1661	Aga Mohamed Hussain.	Balance of minimum royalty for a license for corundum over Goribidnur Taluk.	43 0 0	No date ...	This is the amount of bearer cheque No. 101403 received with No. 2192, dated 17th May 1912. Remittance not traceable.
				Total ...	4,495 13 0		

STATEMENT C.

List of Items remitted into Treasury two to nine years after realisation.

Serial No.	Receipt No.	Particulars	Amount	Date of receipt	Date of remittance
			Rs. a. p.		
1		Deposit in respect of an application for a prospecting license in the Mysore Taluk by B. Nagappa.	100 0 0	28th August 06	22nd February 15
2		Deposit from A. T. Thiruvenkada Mudaliar for a prospecting block in Sorab Taluk.	100 0 0	10th December 06	Do
3		Deposit from Mr. Leishman for a prospecting license in the Sorab Taluk.	100 0 0	Do	Do
4		Deposit by Mulrajkatan in respect of a prospecting license in Honnali Taluk.	100 0 0	6th April 07	Do
5		Deposit by Abdul Sukur Ismail Sait for a prospecting license in Holalkere Taluk.	100 0 0	11th April 07	Do
6		Deposit by Mallayya for a prospecting license in Tarikere Taluk.	100 0 0	25th June 07	Do
7		Deposit by Mr. Louis Stromeyor for a prospecting license in Bowringpet Taluk.	100 0 0	5th July 07	Do
8	1530	Deposit by T. Chinnaswami Iyer for prospecting license over Hole-Narsipur Taluk.	100 0 0	13th May 11	Do
9	1532	Deposit for minimum guaranteed royalty by Koti Thimmarayappa.	50 0 0	17th May 11	Do
10	1533	Rent on land in prospecting license No. 64, from W. Bernard.	1 2 0	22nd May 11	Do
11	1548	Fee for an application for a prospecting license in the Bangalore Taluk.	10 0 0	4th July 11	Do
12	1549	Deposit from Mr. Bronson for a prospecting license in Thirthahalli Taluk.	100 0 0	5th July 11	Do
13	1551	Fee for a corundum application in the Mysore Taluk.	12 0 0	20th July 11	Do
14	1570	Deposit of the minimum guaranteed royalty for a corundum license in Malavalli Taluk by Heerachand.	100 0 0	26th October 11	Do
15	1583	Deposit of the minimun guaranteed royalty for a corundum license in the Koratagere Sub-Taluk by Katte Venkatramayya.	200 0 0	25th November 11	Do
16	1585	By sale of a copy of Underground Water Resources in Mysore.	2 6 0	28th November 11	Do
17	1621	Deposit for a corundum license from Harishankar Nandaram.	55 0 0	12th February 12	Do
18	1625	Deposit for a corundum license over Dodballapur Taluk by Papanna.	200 0 0	15th February 12	Do
19	1725	Balance of deposit of royalty for a corundum license in the Pavagada Taluk by T. Abdulla Sahib.	25 0 0	26th September 12	27th February 15
20	1726	Cost of two copies of Hajee's Mining block.	4 0 0	Do	Do
21	1727 & 1728	Cost of two copies of rules	0 8 0	Do	Do
22	1734	Fee in respect of an application for prospecting license from Mr. A. Ghose.	80 0 0	30th October 12	Do
23	1735	Royalty on mica from T. Chinnaswamy Iyer.	31 0 0	31st October 12	Do
24	1740	Deposit for a prospecting license over old block No. 237.	100 0 0	15th November 12	Do
25	1739	Cost of publications sold	4 0 0	Do	Do
26	1741	Cost of publications sold to Registrar, Authorised Publications.	4 0 0	Do	Do
27	1743	Royalty from Dosa Sheriff for a corundum license.	60 0 0	22nd November 12	Do
28	1744	Cast of Bulletin sold	2 0 0	Do	Do
29	1746	Marking topo sheets for A. Ghose ...	5 4 0	27th November 12	Do
30	1748	Royalty from Messrs. Schroder Schmidt, and Co.,	118 2 0	9th December 12	Do
		Carried over ...	1,964 6 0		

STATEMENT C.—*contd.*

Serial No.	Receipt No.	Particulars	Amount	Date of receipt	Date of remittance
		Brought forward ...	Rs. a. p. 1,964 6 0		
31	1750	Royalty from T. Chinnaswami Iyer ...	13 3 1	11th December 12	27th February 15
32	1750	Rent on block No. 346 for renewal ...	40 0 0	11th December 12	Do
33	1751	Deposit of minimum guaranteed royalty from Dosa Sheriff.	400 0 0	13th December 12	Do
34	1753	Cost of Bulletins sold	11 0 0	19th December 12	Do
35	1754	Fee for an exploring license over Hassan District.	10 0 0	21st December 12	Do
36	1756	Cost of a copy of rules sold	0 4 0	Do	Do
37	1757	Deposit of minimum guaranteed royalty from C. M. Adhikanandham.	30 0 0	Do	Do
38	1758	Cost of publications sold	10 0 0	23rd December 12	Do
39	1759	Fee for an exploring license over Hassan District from Venkataramaiyer.	10 0 0	Do	Do
40	1760	Fee for an application for a prospecting license in Arsikere Taluk from Ramaswami Ayer.	10 0 0	Do	Do
41	1761	Cost of a copy of publication sold to Mr. Burr.	2 0 0	3rd January 13	Do
42	1762	Balance of deposit for an application for a prospecting license from W. W. Coven.	100 0 0	Do	Do
43	1762	Fee in respect of the above application ...	30 0 0	Do	Do
44	1762	Rent on the lands for the above ...	120 0 0	Do	Do
45	1762	Cost of a copy of rules	0 4 0	3rd January 13	27th February 15
46	1763	Fee in respect of an application for two licenses by R. T. Sethumadhava Rao.	20 0 0	Do	Do
47	1765	Royalty on Corundum collected by N. Narasammanna.	88 0 0	4th January 13	Do
48	1769 & 70	Deposit in respect of two applications for P. L. in Mudagere Taluk by Sethumadhava Rao.	200 0 0	17th January 13	Do
49	1608	Deposit of minimum guaranteed Royalty from Balaji Rao.	120 0 0	16th January 12	9th March 15
50	1607, 1203 & 24	Cost of copies of rules sold ...	0 12 0	16th January 12, 13th Feb. 12 and 14th Feb. 12	Do
51	1628	Deposit of minimum guaranteed Royalty from Katte Ramayya and Abdul Shukur.	400 0 0	19th February 12	Do
52	1630	Fee for making a copy of mining lease	15 0 0	20th February 12	Do
53	1632 & 33	Cost of publications sold ...	5 5 0	29th February 12	Do
54	1634	Deposit of minimum guaranteed Royalty from Ambanna.	150 0 0	5th March 12	Do
55	1637	Fee for an application from Gopalakrishnaiya.	10 0 0	12th March 12	Do
56	1637	Deposit in respect of the above application	1 0 0	Do	Do
57	1638	Cost of rules sold ...	0 5 0	Do	Do
58	1639	Cost of a copy of a map of Mysore ...	5 4 0	Do	Do
59	1665	Royalty on mica from Chinnaswami Iyer	46 4 8	1st June 12	Do
60	1667	Deposit of minimum guaranteed Royalty from K. T. Ramaswami Iyengar.	50 0 0	4th June 12	Do
61	1668	Deposit of minimum guaranteed Royalty from Abdul Shukur.	25 0 0	5th June 12	Do
62	1669	Fee for a collecting license from Narasamnanna.	10 0 0	Do	Do
63	1669	Royalty on corundum collected from Narasanna.	14 14 0	Do	Do
64	1670	Deposit for a license from H. H. McQuad	100 0 0	Do	Do
65	1670	Rent on lands in above ...	40 0 0	Do	Do
66	1671	Deposit for minimum guaranteed Royalty from Md. Ali.	20 0 0	Do	Do
		Carried over ...	4,072 13 9		

STATEMENT C—*concld.*

Serial No.	Receipts No.	Particulars	Amount	Date of receipt	Date of remittance
			Rs. s. p.		
		Brought forward ...	4,072 13 9		
67	1672 & 1673	Deposit for minimum guaranteed Royalty from Abdul Gaffur and Gainmal.	40 0 0	5th & 6th June 1912	9th March 15
68	1674 & 1675	Cost of rules sold ...	0 8 0	6th & 8th June 1912	Do
69	1677	Rent on lands for prospecting from A Pichia Nayadu.	50 0 0	11th June 1912	Do
70	1678	Fee for an application from A Pichia Naidu.	10 0 0	11th June 1912	Do
71	1680	By sale of a prospecting pick ...	3 0 0	17th June 1912	Do
72	1682 & 1684	By cost of publications sold ...	8 4 0	21st & 26th June 1912	Do
73	1685	Deposit of minimum guaranteed Royalty from W. L. Hanumanthappa.	25 0 0	26th June 1912	Do
74	1686	Royalty on mica from T. Chinnaswamy Iyer.	24 12 0	28th June 1912	Do
75	1689	Deposit from Mr. D. Shama Rao for a prospecting license.	100 0 0	29th June 1912	Do
76	1690	Fees for an exploring license to D. Shama Rao.	10 0 0	4th July 1912	Do
77	1692 & 1694	Cost of rules sold ...	1 6 0	8th & 11th July 1912	Do
78	1693	Fees for a prospecting license from Walji Lalji.	10 0 0	9th July 1912	Do
79	1693	Deposit in respect of the same from Walji Lalji.	100 0 0	9th July 1912	Do
80	1696	Fee for a license for a prospecting block from V. A. Iyer.	5 0 0	13th July 1912	Do
81	1702	Rent on lands for prospecting from T. Chinnaswami Iyer.	40 0 0	29th July 1912	Do
2	1703	Fee for a prospecting application from V. A. Iyer.	5 0 0	30th July 1912	Do
83	1704	Cost of rules sold ...	1 8 0	30th July 1912	Do
84	1766	Royalty on manganese from Messrs. Schroder Schmidt & Co.	26 0 0	7th January 1913	Do
85	1767	Rent on lands for prospecting from Mr. Gurumurthayya.	18 0 0	14th January 1913	Do
86	1768	Rent on lands for prospecting from S. N. Subba Rao.	200 0 0	15th January 1913	Do
87	1736	Cost of a copy of rules sold ...	0 4 0	11th November 1912	Do
		Total ...	4,751 7 9		

The total amount of cash remitted into Treasury on 22nd February 1915 is Rs. 1,530 8 0
Do do 27th February 1915 is Rs. 1,528 9 1
Do do 9th March 1915 is Rs. 2,499 14 8

Rs. 5,558 15 9 of which items amounting to Rs. 807-8-0 relate to dates from 11th June 1913 to 3rd January 1914.

STATEMENT D.

An extract of a month's entries in the Cash Book showing the several dates on which moneys were remitted into Treasury.

(*Moneys received during the month of January 1913.*)

Date	From whom received	Particulars	Draft Cheque or Cash	Amount	To whom sent	Date on which sent	Number and date of letter with which sent	Head of credit	Date of Initials of Accountant	Date of Initials of Registrar	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
				Rs.							
4th Jan. 13	J. Burr	Fee in respect of his applications for two P. Licenses.		40			1734, dated	XVI (c) (4) (2)			
		Deposit in respect of the above applications	Cheque B 5,88,316	400	Treasury	25th Jan. 13	15th Jan. 13	16			
		Rent on lands		160				IX (2)	4th Jan. 13.	4th Jan. 13.	
	N. Narasimhamma ...	Deposit of the minimum guaranteed Royalty for a License to collect corundum in the Sira Taluk.	Cash	88	Treasury	27th Feb. 15	.....	IX (1)			
				12	Party	25th June 14	.....				
7th Jan. 13	Messrs. Schroder Smidt & Co.	Balance of royalty due on manganese ore removed, quarter ending 30th June 1912.	do	26	Treasury	9th March 15	. ...	IX (1)	7th Jan. 13.	7th Jan. 13.	
14th Jan. 13	Mr. Gurumurthappa ...	Rent on lands applied for prospecting for mica in the Krishnarajpet Taluk.	do	18	do	do	.....	IX (2)	14th Jan. 13.	14th Jan. 13.	
				2	Party	26th June 14	3121, dated 21th June 14				
15th Jan. 13	S. N. Subba Rao ...	Rent on lands in prospecting license No. 102 for renewal.	do	200	Treasury	9th March 15	.....	IX (2)	15th Jan. 13	15th Jan. 13.	
17th Jan. 13	T. R. Sethu Madava Rao...	Deposit in respect of prospecting license over a block of 1 sq. mile of land in the Mudgere Taluk, applied for on 31st December 1912.	C. Notes	100	do	22nd Feb. 15	.....	16	20th Jan. 13.	18th Jan. 13.	
		Rent on 1 sq. mile of land referred to above	..	10	do	,,	.. ...	IX (2)			
		Deposit in respect of a prospecting license over another block of 1 sq. mile of land in the Mudgere Taluk, applied for on 31st December 1912.	...	100	do	22nd Feb. 15	.....	16	do	18th Jan. 13.	
		Rent on 1 sq. mile of land referred to above	...	10	do	,,	.....	IX (2)			
22nd Jan. 13	Syed Abdul Samat ...	Fee for an exploring license over the Kolar District.	Cash	10	...	,,	... ..	XVI (b) (4) (2)	22nd Jan. 13.	24th Jan. 13.	
28th Jan. 13	A. V. Subramania Iyer, No. 224 Thambu Chetty St. George Town, Madras.	Deposit of minimum royalty for a license to collect corundum in Bowringpet Taluk.	do	30	Treasury	27th Feb. 13	*Vide*, Remittance Register	16	28th Jan. 13.	30th Jan. 13.	
29th Jan. 13	The Superintendent, The Workington Iron and Steel Co., Ltd., Shimoga.	Rent for renewal of prospecting licenses Nos. 1, 2, 3, 27 and 79 for the year 1913-14.	Cheque	2,000	do	18th Feb. 13	,,	IX (2)	29th Jan. 13.	30th Jan. 13.	
4th Feb. 13	Justice N. MacCarthy Joladhal P. O. *via*, Chennagiri.	Fee for exploring licenses over Tumkur and Hassan Districts.	Cash	20	do	27th Feb. 13	*Vide*, Remittance Register	XVI (c) (4) (2)	4th Feb. 13.	4th Feb. 13.	

STATEMENT E.

Department of Mines and Geology.

Statement of ores left on blocks.

Name of licensee	Lisense No.	Mineral	Quantity of ores left on the blocks	Date on which relinquished
The Hajee Prospecting Syndicate ...	100	Manganese ...	381 tons ...	30th June 1910.
Do ...	290 & 265	Do ...	698½ ,, ...	Do
Shimoga Manganese Company ..	93& 99	Do ...	1625 ,, ...	31st December 1908.
Do ...	116	Do ...	1096 ,, ...	9th February 1913.
Tata and Sons	86	Do ...	673 ,, ...	31st December 1907.
W. W. Cooen	103	Do ...	2206 ,, ...	31st December 1910.
Do ...	114	Do ...	1682 ,, ...	Do
H. T. Ivatt	148	Do ...	134 ,, ...	31st December 1908.
V. D. Lutchmansawmy Mudaliar ...	110	Do ...	134 ,, ...	31st December 1907.
A. R. Chelvaraya Mudaliar ...	107	Do ...	325 ,, ...	Do
Do ...	114	Do ...	500 ,, ...	Do
Do ...	152	Do ...	100 ,, ...	Do
V. T. Subramania Mudaliar ...	154	Do ...	400 ,, ...	Do
D. G. Naylor and Syed Mohadeen ...	210	Do ...	80 ,, ...	Do
C. G. Huddleston	233	Chrome ...	168 ,, ...	Do
J. Burr	48 82 & 204	Do ...	4082 ,, ...	30th June 1912.
Dymes and Co.	211	Do ...	2 ,, ..	31st March 1909.
Do ...	263	Do ...	2 ,, ...	Do
Do ...	213	Do ...	119 ,, ...	31st July 1909.
Mysore Chrominm Company ...	47	Do ...	35 ,, ...	30th September 1907.
Do ...	49	Do ...	30 ,, ...	Do
Do ...	50 & 51	Do ...	70 ,, ...	Do
J. Burr	238	Asbestos ...	,, ...	31st December 1908.
C. P. Boyce	72	Mica ...	Between 3 and 4 mds.	30th June 1908.
K. Shankarnarayan and Co. ...	113	Do ...	299 ,, ...	31st December 1907.
Do ...	132	Do ...	2 lbs. ...	Do
Do ...	133	Do ...	½ md. ...	Do
Do ...	132	Garnet ...	1 md. ...	Do
Katta Ramaiah and Abdul Shukur ...	Muddagiri Taluk.	Corundum ...	100 candies. ..	February 1915.
B. Mohadeen Sab	Sidlaghatta Taluk.	Do ...	60 ,, ...	May 1915.
T. Abdulla Sab	Pavagada Taluk.	Do ...	22½ ,, ...	June 1914.

Form 1 — Register of Applications.

(Left hand page)

Serial No.	Date of application	Name of applicant	Particulars of application	Treasury Receipt		Fee received
				No.	Date	

(Right hand page)

Reference to license or lease number	Particulars of refund					Remarks
	Number and date of order	Name of Treasury	Initials	Date of actual payment	Initials	

Form 2 — Register of Exploring Licenses.

Registered No. of License	Date of issue of License	No. in register of application	Name and Address of Licensee	Area Licensed	Fee collected			Remarks
					Date	Treasury	Initials	

Form 3 — Register of Collecting Licenses. — Left hand page.

Register number	Date of grant	Serial number in register of applications	Period	Name of Licensee	Area	
					District	Taluk

Right hand page

Deposit on account of minimum annual royalty guaranteed	Royalty recovered by Revenue Authorities			Date of refund order	Amount to be refunded	Initials	Dates of actual payment and adjustment of balance	Initials of Gazetted Officer	Remarks
	Date	Amount	Reference to letter from Revenue authority						

Form 4. — Register of Prospecting Licenses — Left hand page.

Registered number of Licenses	Number in application register	Date of grant of License	Name of Licensee	Area in square miles	Situation of the block licensed			Topo sheet No.
					Village	Taluk	District	

Right hand page.

Amounts		Paid into treasury			Particulars of renewal			Particulars of refund of deposit	Particulars of transfer adjustment	Initials
Deposit	Rent	Date	Name of Treasury	Initials	Number of Renewed License	Date of renewal	Initials			

Form 5.

Demand, collection and balance register of Prospecting Licenses / Mining Leases

Left hand page

Item No.	No. of license	Name of licensee	Opening Balance	Demand		Total	July	August	September	October	November	December	January
				Rent	Royalty								

Form 5.

Demand, collection and balance register of Prospecting Licenses / Mining Leases

Right hand page.

Item No.	No. of license	Name of licensee	February	March	April	May	June	Balance			Remarks
								Rent	Royalty	Total	

Form 6.

Register of Output of Minerals other than Gold.

Name of Party or Company..... .....year.....

Registered No. of Lease or License	Name of mineral	From quarter ending on	Ore on hand at the beginning of the quarter	Ore obtained during the quarter	Ore removed during the quarter	Royalty due			Item number in the register of demand, collection and balance	Remarks
						Amount				
			Tons.	Tons.	Tons.	Rs.	a.	p.		

Form 7.

Register of Mining Leases.

(Left hand page)

Registered No.	No. in application register	Date of Lease	Name of Lessee	Name of Block	Situation of Block			No. of field	Nature of lands comprised in the Lease
					District	Taluk	Village		

(Right hand page)

Area			Assessment	Assignments (Registered numbers)	Deposit	Rent	Payment into Treasury			Particulars of cancellation		Details of refund of deposit and adjustment	Remarks
A.	G.	Sq. yds.					Date	Name of Treasury	Initials	Date	Initials		

Form 8.

REGISTER OF MISCELLANEOUS RECEIPTS OF THE GEOLOGICAL DEPARTMENT

(Left hand page)

Date	Treasury Receipt No. and date	From whom received	Particulars	Fees for marking area on Topo Sheets, for duplicate Licenses and Assay fees

(Right hand page)

Survey and demarcation charges	Stamp and Registration fees	Total	Payment into Treasury		Initials of Gazetted Officer	Remarks
			Date	Name of Treasury		

Form 9. Register of Royalty due from and paid by.....Gold Mining

Months	Quantity of Quartz crushed			Tailings treated			Gold obtained from quartz			Gold obtained from tailings			Weight of bargold produced			Standard gold produced	Price per ounce		
	Tons	cwt.	lb.	Tons	cwt.	lb.	Oz.	dwts.	grs.	Oz.	dwts.	grs.	Oz.	dwts.	grs.	Oz.	£.	s.	d.
July 19																			
August																			
September																			
October																			
November																			
December																			
January 19																			
February																			
March																			
April																			
May																			
June																			

x In Sterling & in Ind: currency

PART

Months	Demand														
	Opening Balance				Particulars of current demand					Total demand including balance					
	Amount				Demand of Royalty for month										
	In sterling			In Indian currency			In sterling			In Indian currency			Royalty at 2½ per cent on dividends declared			In sterling			In Indian currency		
	£.	s.	d.	Rs.	a.	p.	£.	s.	p.	Rs.	a.	p.	Rs.	a.	p.	£.	s.	d.	Rs.	a.	p.
July 19																					
August																					
September																					
October																					
November																					
December																					
January 19																					
February																					
March																					
April																					
May																					
June																					

Company at Kolar 191 —1 PART I.

Total value			Exchange	Total in Indian currency			Royalty at 5 per cent			Final Sale Account				Difference in royalty included in demand			Expenses incurred in the shipment of gold					
										Value			Royalty at 5 per cent				Amount of expenses			Amount refunded in India being 5 per cent of expenses			Date of payment	Initials
£.	s.	d.		Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	Month in which included	Rs.	a.	p.	Rs.	a.	p.		

II.

For what month	Collections						Balance							Remarks
	Amount						Amount							
	In sterling			In Indian currency			Month	In sterling			In Indian currency		Initials	
	£.	s.	d.	Rs.	a.	p.		£.	s.	d.	Rs.	a.	p.		

Form 10.

Register showing Demands, Collections and Balances of Mining Revenue due from all the Mining Companies, Kolar Gold Fields during the year.....

Months	Company					Total
Monthly Opening Balances ...						
July 19						
August						
September						
October						
November						
December						
January 19						
February						
March						
April						
May						
June						
Monthly Demands ...						
July 191						
August						
September						
October						
November						
December						
January 191						
February						
March						
April						
May						
June						
Total demand for year ...						
Total demand for year including Opening Balance.						

Form 10.

Register showing Demands, Collections and Balances of Mining Revenue due from all the Mining Companies, Kolar Gold Fields, during the year.....

Months	Company					Total
Monthly Collections						
July 19						
August						
September						
October						
November						
December						
January 191						
February						
March						
April						
May						
June						
Total collections of year ...						
Monthly Closing Balances ...						
July 191						
August						
September						
October						
November						
December						
January 191						
February						
March						
April						
May						
June						
Grand Total, Closing Balance of year ...						

WDA 663—GPB—25—17-9 17

Confidential
No. G 4047
Geol. 35-17-2

Public offices
Bangalore
21 Sep 917

Dear Sir,

Pending the orders of Govt in the matter of certain allegations of defalcations in the Geological department that have been reported upon by Mr Datta, I am desired to request that you may be so good as to keep the account books etc under your personal custody.

The favour of an acknowledgment is requested.

Yours sincerely
H Jayaram Aga

To B. Jayaram Esq F.G.S.

No. 724

Confidential W 22/9/17

GOVERNMENT OF MYSORE

GEN. & REV. SEC. V GENERAL 28 SEP 1917

DEPARTMENT OF MINES AND GEOLOGY,
MYSORE STATE.

Bangalore, 21st Sept 1917

DIARY NO. 2582

19 -19

Dear Sir,

I write to acknowledge the receipt of your "Confidential" D-O No. G. 4047 - Cool. 35-17-2 dated 21st September 1917 and to state that the Account Books, etc. of this Dept. checked by Mr. Datta have, as desired been taken over and kept under

2 Improvement of the System of Accounts in the Geological Department — 4

CONFIDENTIAL.

Proceedings of the Government of H. H. the Maharaja of Mysore.

--oooOooo--

Read:--

(1) Correspondence ending with Government letter No. F1.6296 dated 16th June 1916 to the address of the Comptroller--regarding the maintenance in the Office of the Director of Mines and Geology of complete accounts relating to the Mining Revenue.

(2) Note dated 17-9-1917 from Mr. K. L. Datta, Special Officer, reporting on the state of accounts of the Geological Department and suggesting remedial measures for the improvement of the system of accounts in that Department.

Order No. H 2664-8 / Geo 35-17-3 dated 28 Nov 17 Bangalore

In his note read above, Mr. Datta points out that the accounts of the Geological Department are in a very unsatisfactory condition, that there is no proper Cash Book maintained in the Office of the Director of Geology to account for all the moneys received, that the cash in the Office does not seem to have been counted by the Head of the Office at any time, that moneys received have not been properly accounted for in a large number of cases, and that as far as could be traced within the time at his disposal, embezzlement to the extent of Rs. 4,598-13-0 consisting of about 68 items covering a period of 6 years from June 1906 to May 1912 have been commi

It is reported that the persons primarily responsible for these defalcations are the late accountant of the Office Mr. C. S Iyengar--since resigned-- and the late registrar Mr. B. Subba Rao, Assistant Secretary to Government, now on leave, and that the Head of the Office did not exercise any supervision over their cash transactions of the office.

2. Government observe that the unsatisfactory condition of the accounts of the Geological Department was for the first time brought to their notice in 1906, and the Head of the Geological Department and the Comptroller were then ordered to arrange for the investigation of the state of the accounts and revise the system of accounts; The accounts were allowed new articles to continue in the same unsatisfactory state, so as to facilitate the perpetration of the frauds now brought to light by Mr. Datta.

3. Government direct that ~~the Director of Geology do take~~ immediate steps be taken to obtain an explanation from Mr. Subba Rao, Assistant Secretary on leave regarding the irregularities now discovered, and to recover the amounts stated to have been misappropriated from the parties responsible, the Director of Geology may also be asked to and submit to Government a full report before the end of December 1917, as to the further action to be taken in the matter of punishing the culprits etc.,

4. To prevent a recurrance of similar defalcations in future, Mr. Datta suggests

suggests the following remedial measures.

(1) No cash should in future be received in the Director's Office ~~and~~ the parties ~~should~~ be required to pay the amounts due by them directly to the Treasury and t forward the Treasury receipts to the Geological Office for the issue of the lease or licenses applied for.

(2) The registers maintained in the Geological Office for the different classes of licenses and leases should be ~~similarly~~ ~~received~~ revised and a proper register of demand, collection and balance ~~to show~~ clearly the dues to Government from time to time maintained in future.

(3) Duplication of work between the Comptroller's Office and the Geological Office should be avoided and the necessary revenue registers should be maintained in the Comptroller's Office alone, a periodical statement being furnished to the Director of Geology giving him all particulars necessary for departmental purposes and for exercising proper control over revenue also.

(4) A local audit of the accounts of the Geological Department once a year by the Comptroller should be enjoined in future

(5) Government are in entire agreement with all the proposals of Mr. Datta. They are pleased to direct that the proposed system of accounts procedure be brought into effect from 1st December 1917. The ~~revised~~ procedure is explained in detail in the memo appended to this Order.

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6. In introducing the new arrangement Government desire to impress on the Head of the Geological Department that he is primarily responsible for exercising proper control over the Mining Revenue and the accounts relating thereto in his office, and that he should personally examine the accounts at least once a month and sign all the registers in token of such examination

7. In regard to the collection of rentals on Mining lands and the local cesses and taxes and their credit, it is reported that there is no uniform system prevailing at present. In some cases the District Revenue Offices collect the sums and in afew other cases the lessees send the rental to the Geological Office, which advises the Deputy Commissioners of the districts concerned of the receipt.

The rentals collected in respect of leases entered into prior to the issue of the rules of 1904 and current on this date which are collected by the Revenue authorities are credited and merged in Land Revenue, while in the receipts under leases subsequent to that period are collected by the Geological Department and credited as Mining Revenue.

8. As the leases entered into prior to issue of the rules of 1904 and current on this date are not ~~very~~ many Government agree with Mr. Datta that there need not be any difference in the agency of collection or the head of account to be credited in respect of the rentals relating to the leases issued under the rules of 1904 and those issued at an early date Government are accordingly pleased to direct

direct that no item of rent on mining lands should in future be ~~required~~ merged under ~~the~~ Land Revenue, that all such items should in future be collected by one agency i.e., the Geological Department and the collections shown as additional items of revenue relating to the Geological Department.

The local cesses and other rates and taxe leviable should also be collected by the Geological Department along with the rental and credited in the first instance to that department and the Comptroller should adjust the amount once a year to the proper head of account and advise the department and the local body concerned.

9. There is one other important suggestion made by Mr. Datta in his note read above in regard to the exercise of the right of inspection by Government officers of the accounts of Gold Mining Companies as provided for in clauses 17 and 18 of the agreement executed with the Companies in 1910.

Mr. Datta points out that this right of inspection of the Company's books and accounts has never been exercised till now, that no attempts are made to verify ~~namely~~ even by, a test check that the quantities extracted from the Gold Mines are actually brought to account, and that the quantities shown in the original accounts of the Company ~~do~~ agree with ~~them~~ those for which the amount due has been paid by the Company's Bankers in London.

In allowing rebate on account of freight and Insurance and other charges to the Companies, the claim is admitted without any audit by the Comptroller's Office.

19

10. Government agree with Mr. Datta that a periodical local examination of the accounts and books of the Gold Mining Companies is desirable and that an association of the Officers of the State with the practical working of the Companies and an acquaintance with their books and accounts would secure to Government an intimate knowledge of the working of the Mines

11. The ~~Director~~ Chief Inspector & Director of Mines and Geology in consultation with each other and with the Mining Companies are accordingly requested to arrange for an annual inspection being conducted by Government Officers of the books and accounts of the Companies and submit definite recommendations before the end of December 1917 as to when and by whom the 1st Inspection should be conducted.

9/11/17

9/11/17

9/11/17

Chief Secretary

To

Director of Geology with an extract of paras 15 to 27 of Mr. Datta's note with statements A and B attached for needful actio

~~Director~~ The Chief Inspector of Mines.

Financial Secretary to Government.

Comptroller.

Revenue Commissioner.

~~K. L. Datta Esq., Special Officer.~~

D. G. Kolar

Copy to Br: V

15/2/17

Government of his Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. Fl. 2664-8—Geol. 35-17-3, dated 28th November 1917.

System of Accounts in the Geological Department.

Passes orders in the matter of the improvement in the ——.

W D A1250—GPB—13-12-17—260

CONFIDENTIAL

System of Accounts in the Geological Department.

No. Fl. 2664-8—Geol. 35-17-3, dated 28th November 1917.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.

Read—

Correspondence ending with Government letter No. Fl. 6296—G. F. 115-15-2, dated 9th June 1916, to the address of the Comptroller, regarding the maintenance in the Office of the Director of Mines and Geology, of complete accounts relating to the Mining Revenue.

2. Note dated 17th September 1917, from Mr. K. L. Datta, Special Officer, reporting on the state of accounts of the Geological Department and suggesting remedial measures for the improvement of the system of accounts in that Department.

Order No. Fl. 2664-8—Geol. 35-17-3, dated 28th November 1917.

In his note read above, Mr. Datta points out that the accounts of the Geological Department are in a very unsatisfactory condition, that there is no proper Cash Book maintained in the Office of the Director of Geology to account for all the moneys received, that the cash in the Office does not seem to have been counted by the Head of the Office at any time, that moneys received have not been properly accounted for in a large number of cases,

2.

3.

4. To prevent a recurrence of similar defalcations in future, Mr. Datta suggests the following remedial measures.

(1) No cash should in future be received in the Director's Office, the parties being required to pay the amounts due by them directly to the Treasury and to forward the Treasury receipts to the Geological Office for the issue of the leases or licenses applied for.

(2) The registers maintained in the Geological Office for the different classes of licenses and leases should be revised, and a proper register of demand, collection and balance showing clearly the dues to Government from time to time maintained in future.

(3) Duplication of work between the Comptroller's Office and the Geological Office with respect to the record of the revenue collections relating to the gold mines should be avoided and the necessary revenue registers should be maintained in the Comptroller's Office alone, a periodical statement being furnished to the Director of Geology giving him all particulars necessary for departmental purposes and for exercising proper control over such revenue also.

(4) A local audit of the accounts of the Geological Department once a year by the Comptroller should be enjoined in future.

5. Government are in entire agreement with all the proposals of Mr. Datta. They are pleased to direct that the proposed system of accounts procedure be brought into effect from 1st December 1917. The Comptroller will issue the necessary instructions for the guidance of the Treasury Officers and the Geological Department in accordance with Mr. Datta's note and will also supply the latter with the necessary forms and registers.

6. In introducing the new arrangement Government desire to impress on the Head of the Geological Department that he is primarily responsible for exercising proper control over the Mining Revenue and the accounts relating thereto in his office, and that he should personally examine the accounts at least once a month and sign all the registers in token of such examination.

7. In regard to the collection of rentals on mining lands and the local cesses and taxes and their credit, it is reported that there is no uniform system prevailing at present. In some cases, the District Revenue Officer collects the sums and in a few other cases the lessees send the rental to the Geological Office, which advises the Deputy Commissioners of the Districts concerned of the receipt.

8. As the leases entered into prior to issue of the rules of 1904 and current on this date are not many, Government agree with Mr. Datta that there need not be any difference in the agency of collection or the head of account to be credited in respect of the rentals relating to the leases issued under the rules of 1904 and those issued at an earlier date. Government are accordingly pleased to direct that no item of rent on mining lands should in future be merged under Land Revenue, that all such items should in future be collected by one agency, *i.e.*, the Geological Department and the collections shown as additional items of revenue relating to the Geological Department.

The local cesses and other rates and taxes leviable should also be collected by the Geological Department along with the rental and credited in the first instance to that department and the Comptroller should adjust the amount once a year to the proper head of account and advise the department and the local body concerned.

9. There is one other important suggestion made by Mr. Datta in his note read above in regard to the exercise of the right of inspection by Government Officers of the accounts of Gold Mining Companies as provided for in clauses 17 and 18 of the agreement executed with the companies in 1910.

Mr. Datta points out that this right of inspection of the Company's books and accounts has never been exercised till now, that no attempts are made to verify even by a test check that the quantities extracted from the Gold Mines are actually brought to account, and that the quantities shown in the original accounts of the company agree with those for which the amount due has been paid by the Company's Bankers in London.

In allowing rebate on account of freight and insurance and other charges to the companies the claim is admitted without any audit by the Comptroller's Office.

10. Government agree with Mr. Datta that a periodical local examination of the accounts and books of the Gold Mining Companies is desirable and that an association of the officers of the State with the practical working of the companies and an acquaintance with their books and accounts would secure to Government an intimate knowledge of the working of the mines.

The Chief Inspector of Mines and the Director of Geology in consultation with each other and with the Mining Companies are accordingly requested to arrange for an annual inspection being conducted by Government Officers of the books and accounts of the Companies and submit definite recommendations before the end of December 1917, as to when and by whom the first inspection should be conducted.

C. S. BALASUNDARAM IYER,
Chief Secy. to Govt.

To—The Director of Geology with an extract of paras 15 to 27 of Mr. Datta's note with statements A and B attached, for needful action.
The Chief Inspector of Mines in Mysore.
The Financial Secretary to Government.
The Comptroller, Mysore Government.
The Revenue Commissioner in Mysore.

Exd.—C.R.